

**HOUSING AND COMMUNITY DEVELOPMENT IN IOWA IN 2005:
MEETING NEW CHALLENGES**

**HEATHER MACDONALD
GRADUATE PROGRAM IN
URBAN AND REGIONAL PLANNING
UNIVERSITY OF IOWA**

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EXECUTIVE SUMMARY

This report investigates the following questions:

- How have Iowa's housing markets changed between 2000 and 2005?
- How have these changes affected key housing needs - for affordable, safe, accessible, and attractive housing?
- How effectively have state and federal efforts responded to these changing needs?

In the conclusion, we raise several questions about the future of housing and community development policy in Iowa. This report is the first part of a two part study; the second part will address questions about the economic and social impacts of housing.

IOWA'S CHANGING POPULATION

- Iowa grew more slowly than the nation and than its neighbors; from 2000-2005, Census estimates¹ place it as the eighth slowest growing state, at 1.36% (compared to 5.3% for the nation as a whole).
- Without a net gain of nearly 30,000 international immigrants, Iowa's population may not have grown at all.
- Iowa's population has become more ethnically diverse since 2000; the percent of Hispanics (of any race) increased from 2.8% to 3.67%.
- Iowa has proportionately fewer children than it did in 2000, and slightly more working

¹ The Census Bureau produces Inter-Censal Estimates of Population and basic demographic characteristics each year between decennial censuses. These estimates are based on cohort-survival models of population change (births and deaths), and models of migration that rely on analyses of tax returns and other administrative sources. Tests of past estimates suggest that while they are fairly accurate for states and larger counties, they are much less accurate for smaller counties. While the estimation program has likely improved because of the additional data provided by the American Community Survey, this survey only began nationwide in 2005 and so would not contribute to improving estimates during the first four years of the decade. Thus, some of the county-level estimates presented here should be treated as suggestive rather than conclusive: they are a picture of what *may have* happened, not what *has* happened. We explore other sources of information to see whether there is corroborating evidence for the trends indicated in the Census Bureau estimates.

age adults; the estimated proportion of elderly residents (65 and older) has remained very similar to 2000.

IOWANS' ECONOMIC PROSPERITY

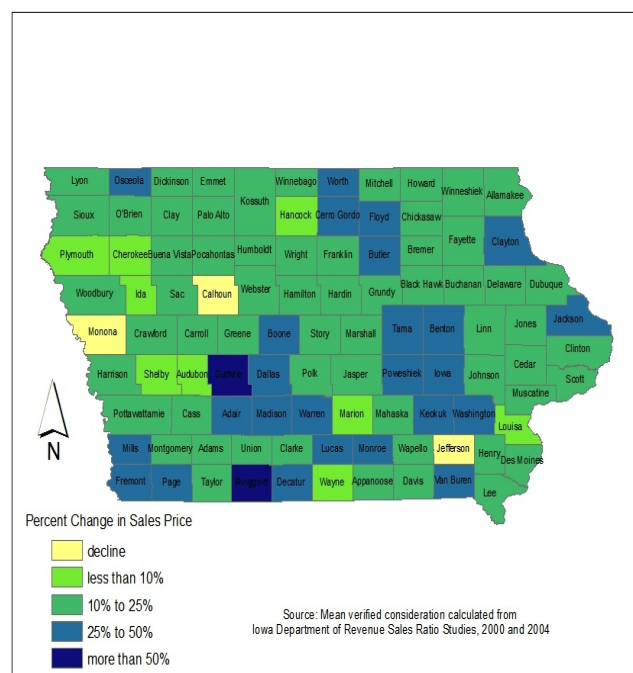
- Real incomes in Iowa may have declined since 2000, as they did throughout the Midwest.
- Median family incomes declined in Black Hawk, Johnson, Linn, and Polk counties.
- The rise in the proportion of people in poverty in Iowa, from 8.82% in 1999 to 10.84% in 2005, was the second largest rise in the region.
- Child poverty rates increased in at least two counties—Linn and Woodbury.

IOWA'S CHANGING HOUSING STOCK

- Although Iowa's population grew by only 1.3%, the state's housing stock increased by 6% over the first half of this decade.
- The Des Moines, Cedar Rapids, and Iowa City metropolitan areas dominated growth over this period, but some of the largest proportionate increases in housing units occurred in fringe suburban counties.
- Home ownership rates increased slightly in Iowa, but not as fast as in neighboring states.
- Price increases have been quite rapid (more than 25%) in some counties, mostly those on the suburban fringe of metropolitan areas.

Map E.1: Home Price Increases, 2000 to 2004

- Rents increased less rapidly than sales prices in most counties.



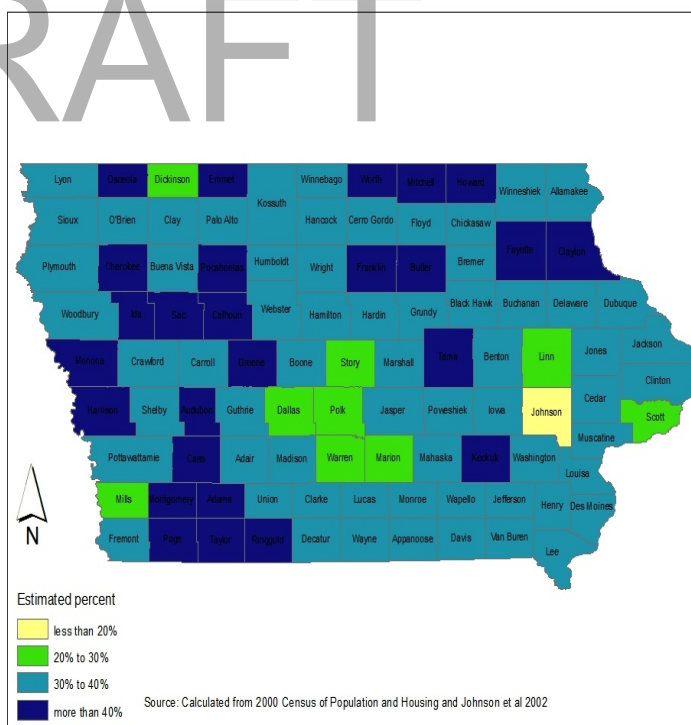
TRENDS IN AFFORDABILITY

- Home ownership affordability has not changed significantly since 2000, although affordability has worsened slightly within each income category.
- In Black Hawk, Johnson, Linn, and Polk counties, younger owners (aged 25 to 34) were significantly more likely to have affordability problems in 2005 compared to 2000.
- Rental affordability worsened significantly only in Black Hawk County compared to 2000.
- In most metropolitan counties (Black Hawk, Johnson, Linn, Polk, Story, and Woodbury), a higher proportion of younger households (15 to 24) had affordability problems in 2005 compared to 2000.

HOUSING QUALITY CHANGES: ESTIMATED LEAD PAINT HAZARDS

- Lead-based paint remains a significant health hazard in many slower growing counties.
- But the incidence of lead poisoning detected in young children may have diminished since 2003.

Map E.2: Estimated Percent of Homes with Lead Hazards, 2000



HOUSING PROGRAM EXPENDITURES

- Recent new subsidized rental development has followed housing market growth, and has targeted those counties with higher proportions of cost-burdened renter households.
- Some home buyer assistance has been concentrated in places with slower growing housing markets, and slower growing markets have fewer cost-burdened home owners.
- Owner-occupied rehabilitation assistance has been concentrated in places with higher proportions of older homes likely to have quality problems.

CONCLUDING QUESTIONS FOR DISCUSSION

The second phase of this study will convene a series of Housing Forums to discuss how we should respond to the findings presented in this report. Discussion will focus on the following questions.

HOW COULD HOUSING SERVE ECONOMIC DEVELOPMENT GOALS IN SLOW GROWING MARKETS?

- What kinds of firms are stagnant and declining market communities most likely to attract, and what sort of labor force would communities need to provide to ensure new business investment?
- What types and prices of housing would prospective employees a) prefer and b) be able to afford on the wages offered?
- What kinds of housing investment would be feasible in a typical stagnant or declining community? How could the “value gap” be overcome?
- Do current housing programs support, hinder, or neglect these opportunities? Could programs be better designed to support these efforts?
- How could we form more effective partnerships among the community, developers, employers, and public agencies, to maximize housing’s impact on economic development?

HOW COULD HOUSING SERVE ECONOMIC DEVELOPMENT GOALS IN FASTER GROWING MARKETS?

- What kinds of firms are growing counties likely to attract, and what sort of labor force would they need to offer in order to do so? To what extent do these communities have this sort of labor pool, and to what extent would they have to attract it from outside the state?
- What kinds of housing and community amenities would attract and retain such a labor force? What do competitor cities offer?
- To what extent would market-rate development meet this need? What kinds of community enhancements would it be feasible to provide to help create the new residential environments that might attract higher skilled workers?
- How could growing communities ensure that they continued to accommodate people at all income levels, to ensure a healthy stable economy and reduce sprawl?
- What forms of subsidies would be most effective? How could programs be streamlined to use resources more effectively and creatively? Do we need new sorts of programs?
- What principles should guide the partnerships that evolve among developers, employers, cities, and state agencies? How could we maximize housing's impact on economic development?

HOW COULD HOUSING POLICY BETTER MEET SOCIAL NEEDS?

- What would count as an “adequate housing” standard? What is the minimum acceptable quality? How much should households be expected to pay for decent housing?
- What can the market feasibly provide? What can't private markets do without assistance?
- To what extent do our current programs provide this targeted assistance? Is it delivered in the right forms, amounts, and locations? If it isn't, what could we change to use public resources more effectively?
- How else could we expand our capacity to ensure that Iowans are well housed? Are there new partnerships, new regulatory approaches, or other strategies, that we should pursue in the next decade?

INTRODUCTION

As people age, migrate, and form new kinds of households, their housing needs change. Their ability to pay for the housing they need also changes, as their incomes and housing costs fluctuate. Housing costs change depending not only on effective demand, but also on the pace of construction or conversion, and on the price of components such as financing and energy. Because housing is such an important driver of local economies, and such an important basic need, governments intervene in several ways to ensure that markets work as efficiently and equitably as possible. But for intervention to be effective, we need to understand current trends and to evaluate regularly how well our strategies are working.

This study aims to inform these tasks. The study has two parts: the first focuses on housing needs and housing policy, while the second part investigates the economic and social impacts of housing subsidies. We address the following questions in this report:

- How have Iowa's housing markets changed between 2000 and 2005?
- How have these changes affected key housing needs - for affordable, safe, accessible, and attractive housing?
- How effectively have state and federal efforts responded to these changing needs?

In the conclusion, we raise several questions about the future of housing and community development policy in Iowa. These will be explored in a series of discussion forums during the second phase of the study. A second report will assess the economic and social impacts of housing programs, and draw conclusions about how these could be improved.

DATA SOURCES

Our conclusions are based on a wide range of data, but our primary data source, the 2005 American Community Survey (ACS), is available only for counties (and places) with 65,000

people or more.² When available, we also use data from County Assessors' offices and the Home Mortgage Disclosure Act, that cover at least some trends in smaller counties. Thus, although we are able to draw some conclusions about housing conditions in all of Iowa's 99 counties, there are some questions we can only answer for the nine major metropolitan counties covered by the 2005 ACS data. We also cannot provide the same level of spatial detail that was possible in previous assessments that used decennial census data. ACS data is not yet reported for census tracts; it is drawn from a much smaller sample than decennial data, so even the data we have available for counties and the state as a whole is less precise than census data. Consequently, we report the margin of error around all ACS estimates, and we discuss which differences are statistically significant and which may be only random.

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² The ACS is a replacement for decennial census data, and it was initiated nation-wide in 2005. The full range of 2005 data was released in early October 2006, so Iowa is ahead of the curve in using this new source. As the ACS is established, multi-year averages will become available for all sizes of places. By 2010, the ACS will be a more useful source for full state-wide comparisons, and will offer some spatial detail for census tracts as well as small places.

CHAPTER ONE: IOWA'S CHANGING POPULATION, ECONOMY, AND HOUSING STOCK

Demographic, economic, and housing market trends are linked. This chapter investigates the following questions:

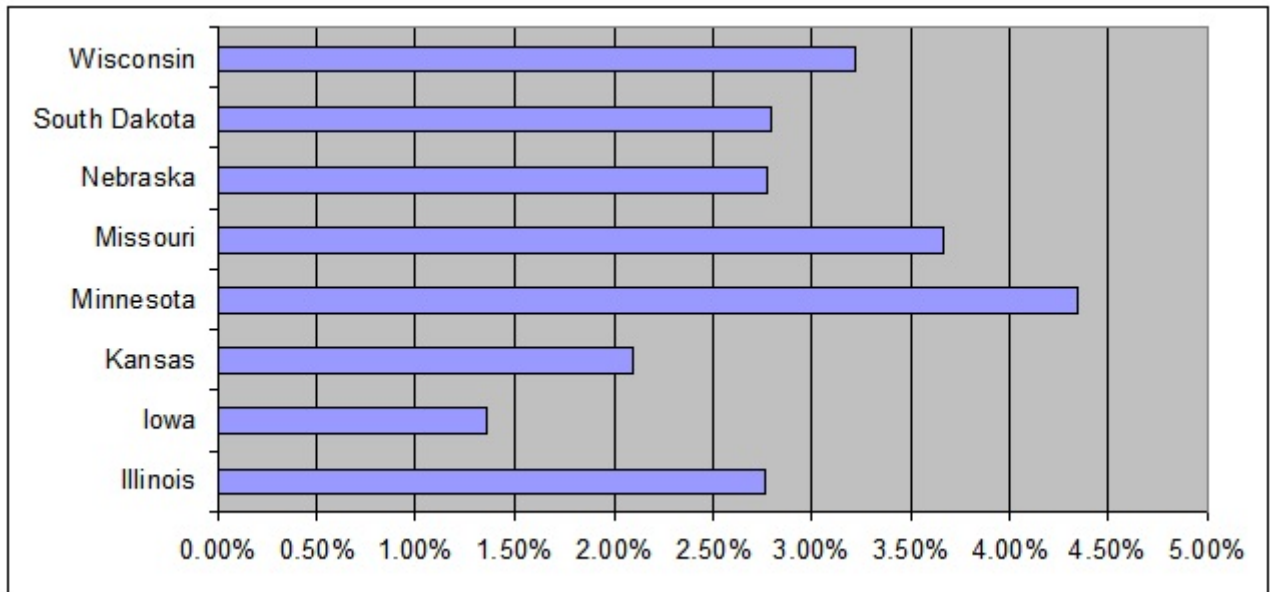
- How has Iowa's population (and its spatial distribution) changed between 2000 and 2005?
- How has Iowans' economic prosperity changed over that time?
- Where has Iowa's housing stock grown since 2000?
- What's happened to home ownership, housing values, and rents, since 2000?

IOWA'S CHANGING POPULATION

Iowa grew more slowly than the nation and than its neighbors; from 2000-2005, Census estimates³ place it as the eighth slowest growing state, at 1.36% (compared to 5.3% for the nation as a whole). If this rate of growth continues for the remainder of the decade, it will mark a slow down from the 1990s.

³ The Census Bureau produces Inter-Censal Estimates of Population and basic demographic characteristics each year between decennial censuses. These estimates are based on cohort-survival models of population change (births and deaths), and models of migration that rely on analyses of tax returns and other administrative sources. Tests of past estimates suggest that while they are fairly accurate for states and larger counties, they are much less accurate for smaller counties. While the estimation program has likely improved because of the additional data provided by the American Community Survey, this survey only began nationwide in 2005 and so would not contribute to improving estimates during the first four years of the decade. Thus, some of the county-level estimates presented here should be treated as suggestive rather than conclusive: they are a picture of what *may have* happened, not what *has* happened. We explore other sources of information to see whether there is corroborating evidence for the trends indicated in the Census Bureau estimates.

Chart 1.1: Population Change in the Region, 2000-2005



Without a net gain of nearly 30,000 international immigrants, Iowa's population may not have grown at all. While international immigrants did not offset the net loss of more than 41,000 people who moved out of Iowa to elsewhere in the United States, they did help to slow decline.

Chart 1.2: Sources of Population Change, 2000-2005

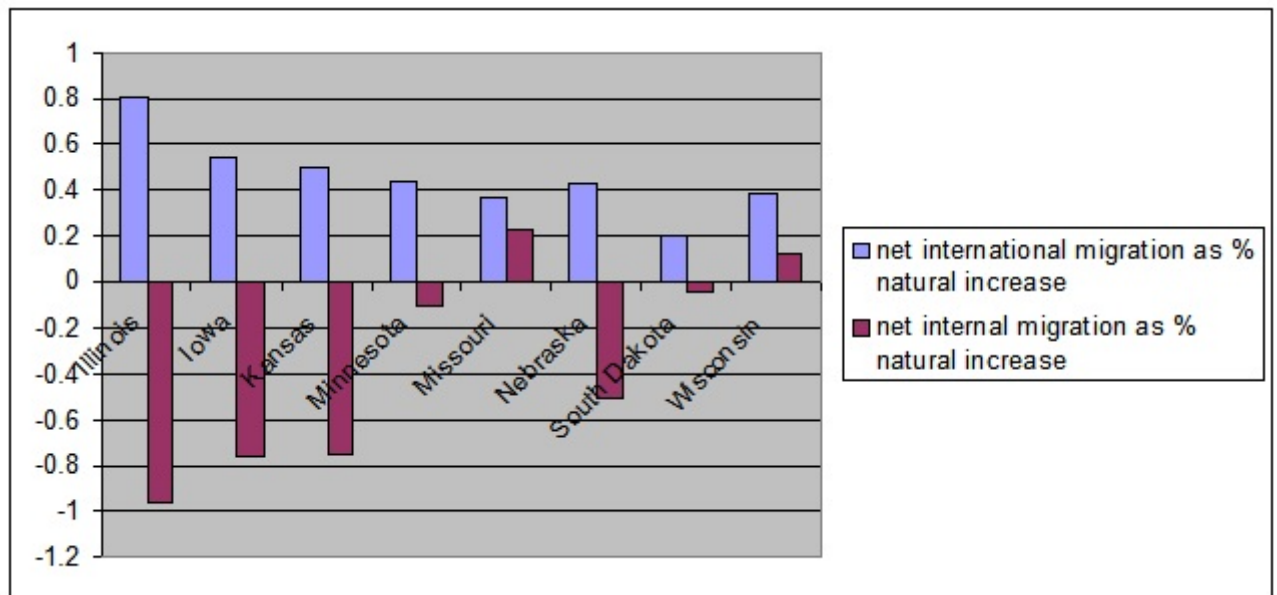
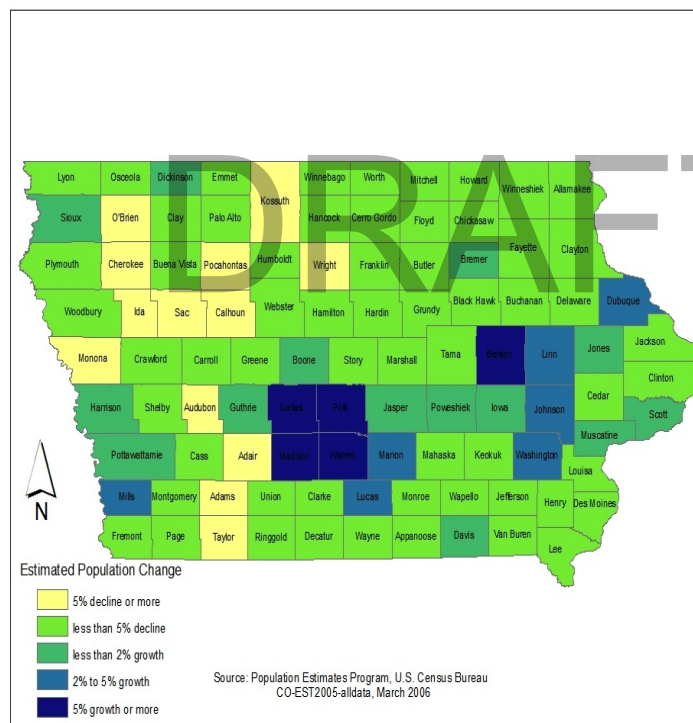


Chart 1.2 shows that net international migration was more than half the size of the natural increase in the state (births minus deaths), higher than all neighboring states except Illinois.

These gains were not distributed evenly among Iowa's counties, as Map 1.1 shows. Estimates suggest that 52 counties lost more than 1% of their population between 2000 and 2005; only seven grew by 5% or more. Growth in Dallas County (estimated at 27% of the 2000 population) far outstripped that in the rest of the state, although Polk County added far more residents (26,405) than Dallas (11,012). Centralization in metropolitan areas continues, with population concentrating in two main nodes—the Des Moines metro area, and East-Central Iowa.

Map 1.1: Estimated Population Change, 2000-2005

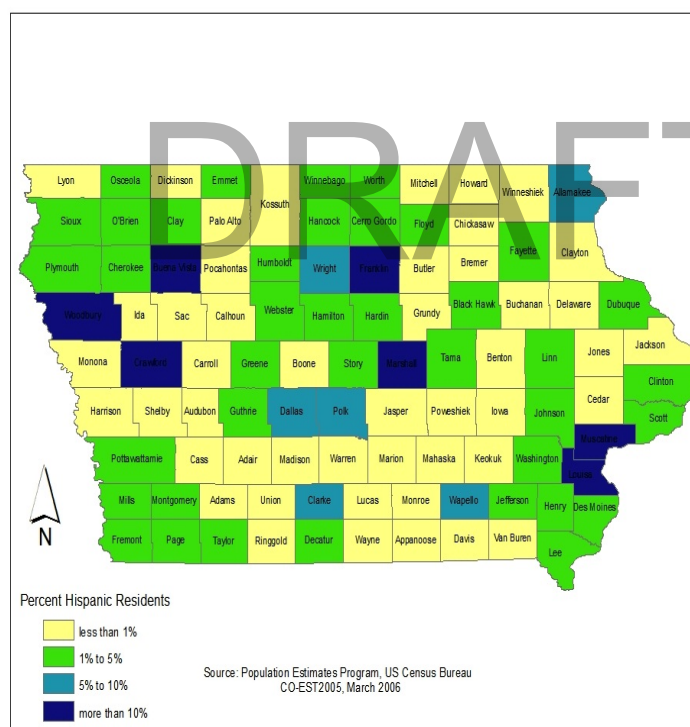


Places grew for different reasons; in the central counties of metro areas (Linn, Johnson, and Polk), net international migration appeared to account for a significant share of total growth, while net domestic migration was negligible or negative. Domestic migration accounted for a

much higher share of growth in growing “fringe” metro counties.

Consequently, Iowa’s population has become more ethnically diverse since 2000. The percent of non-Hispanic African-Americans increased slightly from 2.1% to 2.23%, but the population remained concentrated in a few metropolitan areas. Only Scott and Black Hawk counties had more than five percent non-Hispanic African-American residents. The percent of Hispanics (of any race) increased faster, from 2.8% to 3.67%. Again, this growth has not been evenly distributed among counties. Map 1.2 shows that six non-metropolitan counties and one metropolitan county (Woodbury) had more than ten percent Hispanic residents.

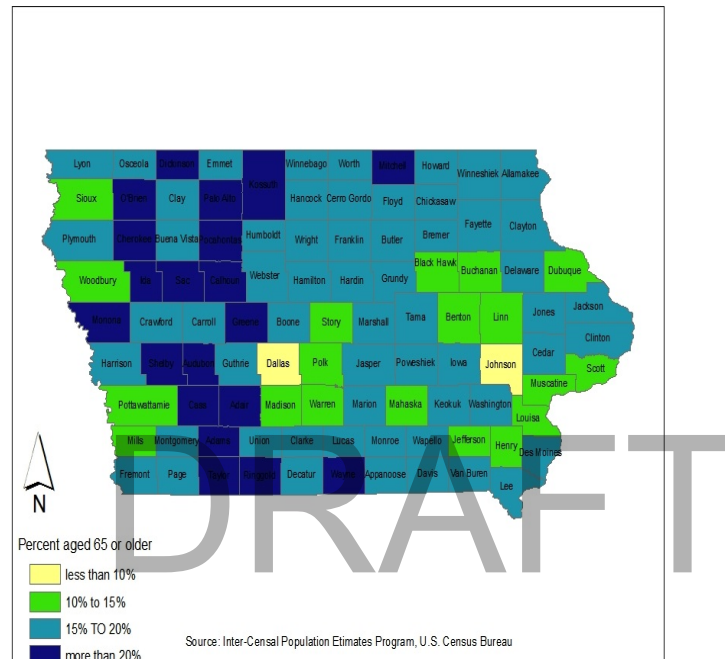
Map 1.2: Estimated Percent Hispanic Residents, 2005



Iowa’s age structure has changed slightly since 2000. The state has proportionately fewer children than it did in 2000, and slightly more working age adults. The estimated proportion of

elderly residents (65 and older) has remained very similar to 2000. Map 1.3 shows the estimated distribution of the elderly population (65 years or older) in 2005.

Map 1.3: Estimated Distribution of the Elderly Population, 2005

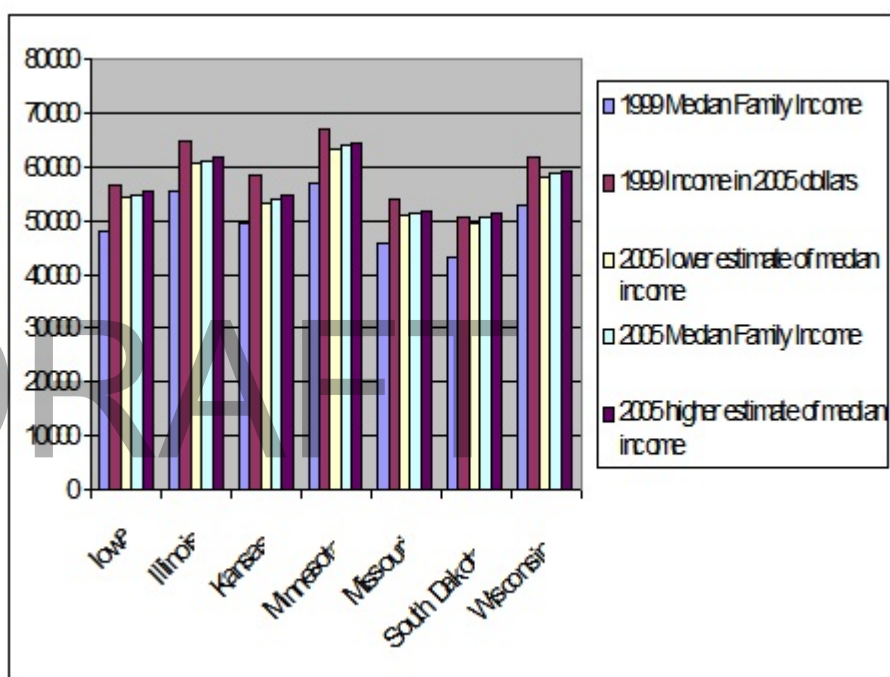


Metropolitan counties and some neighboring non-metro counties had younger populations. Two fast growing counties, Dallas and Johnson, had elderly populations of less than ten percent. Elderly residents make up a larger share of non-metropolitan western counties.

IOWANS' ECONOMIC PROSPERITY

Real incomes in Iowa may have declined since 2000, as they did throughout the Midwest. The evidence for the trends discussed below is suggestive rather than conclusive, because the data are drawn from two different surveys that include slightly different populations.⁴ Chart 1.3 shows the change in state family median incomes between 1999 (the data collected in the 2000 Census of Population and Housing) and 2005 (based on data collected in the American Community Survey). If we convert 1999 median income estimates to 2005 dollars (using the Consumer Price Index to account for inflation), it appears that real median incomes (expressed in 2005 dollars) have declined during the first half of this decade. Iowa's decline is proportionately smaller, however (at 2.3%), than declines in neighboring states.

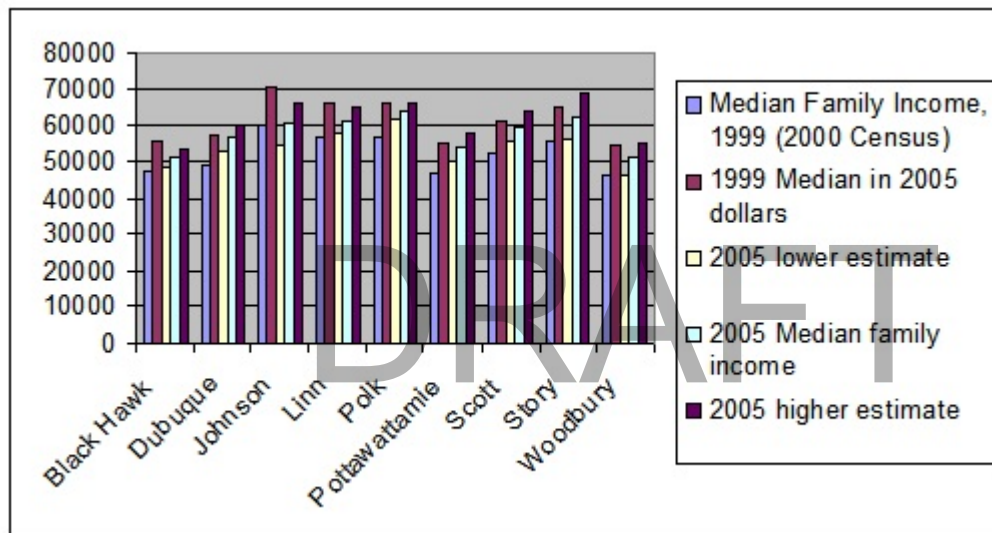
Chart 1.3: Family Median Incomes in the Region, 1999 and 2005



⁴ There are many reasons why the median family income estimated by the ACS may differ from the median family income that would be reported if we had collected the information in exactly the same way as the 2000 Census did. First, the sample size is much smaller and estimates are thus much less precise (upper and lower bound estimates are shown in each chart). Second, a different population is surveyed. Some older wealthier Iowans who spend winter in Texas may not be included in annualized ACS income estimates (although they would have been if the 2005 survey had been conducted like the 2000 Census), while some poorer seasonal workers who work in Iowa for the summer may be included in income estimates for the state (although they would not have been counted in the 2000 Census). Thus, evidence of income declines (and evidence of increases in poverty rates) based on the ACS is suggestive rather than conclusive.

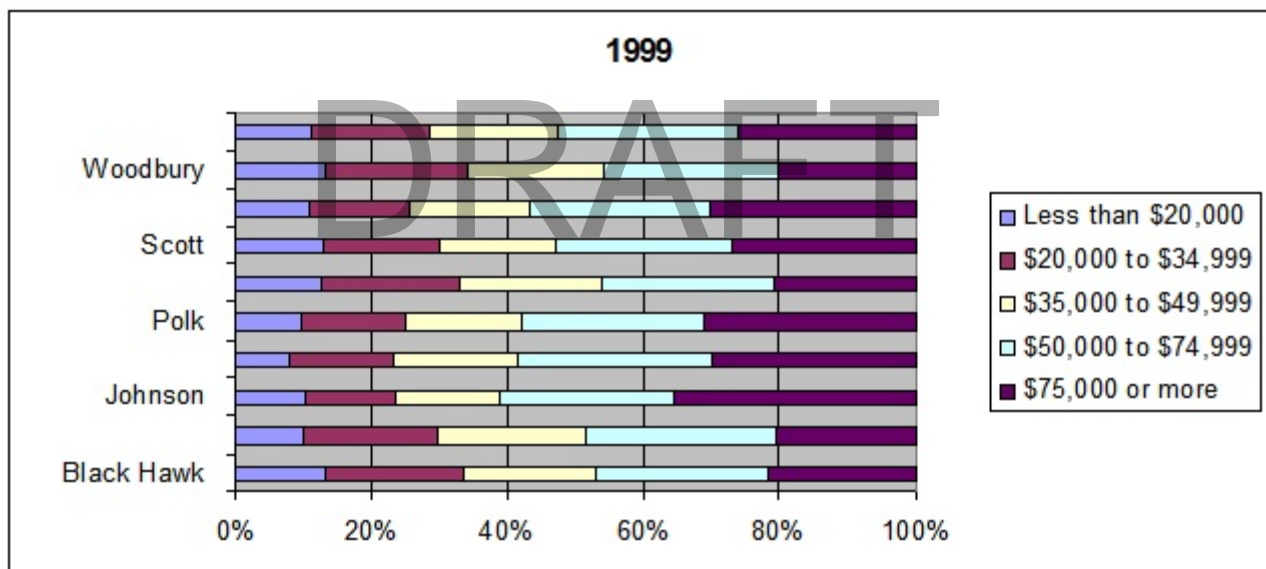
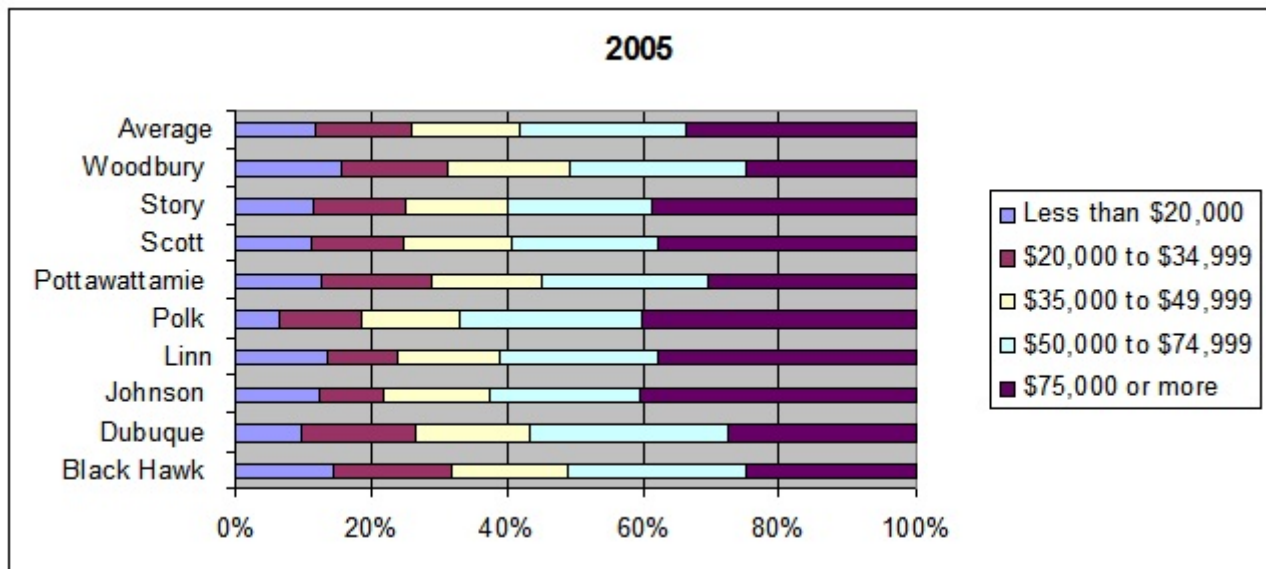
Incomes have not declined at the same rate in all Iowa's large counties, as Chart 1.4 shows. Income may have grown or remained stable in some counties. Dubuque, Pottawattamie, Scott, Story, and Woodbury counties have upper-bound 2005 estimates higher than real 1999 incomes, so these differences are not statistically significant. They may result from the smaller sample sizes used for the 2005 estimates (see footnote 2). But declines in Black Hawk, Johnson, Linn, and Polk counties are likely real rather than the result of a smaller sample; even the "high" estimates for 2005 are lower than real 1999 median incomes.

Chart 1.4: Median Family Income by County, 1999 and 2005



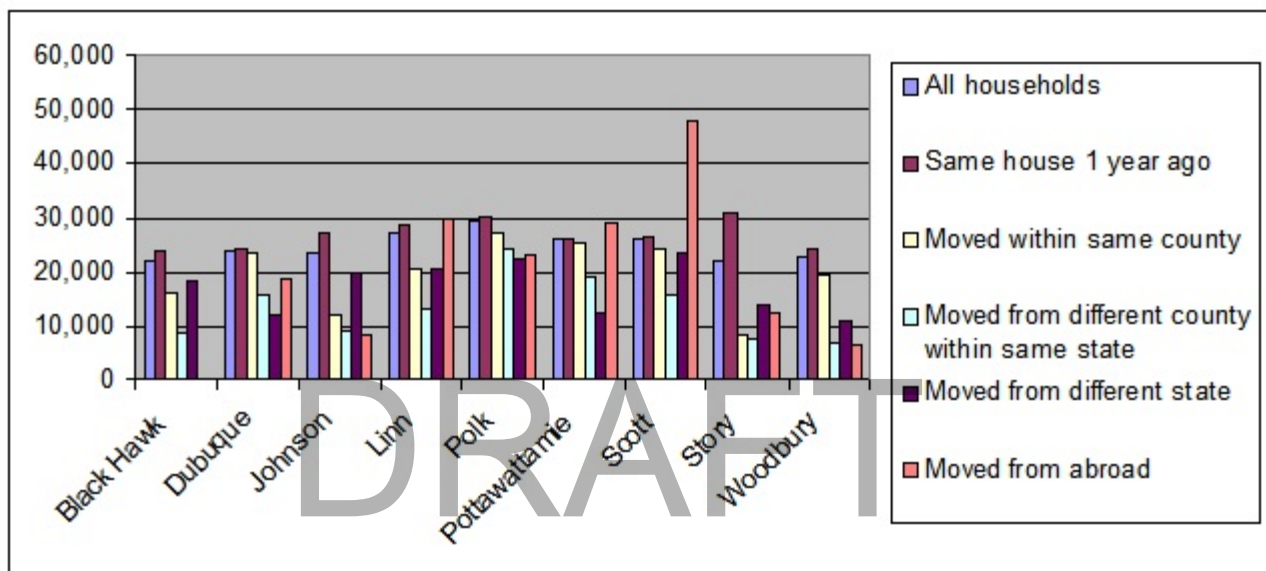
But although median incomes may have declined in real terms, not all households are worse off. A significantly higher proportion of families reported incomes of more than \$75,000 in 2005 (33.7%), compared to 1999 (26.3%). However, the proportion of households with incomes of less than \$20,000 also increased slightly, from 11.1% to 11.9%.

Chart 1.5: Family Income Distribution, 1999 and 2005



New migrants were poorer (on average) than people who had lived in the same place for at least a year. Because younger households and renters are more likely to move, we would expect this. Chart 1.6 shows the median per capita incomes of people by their place of residence one year previously.

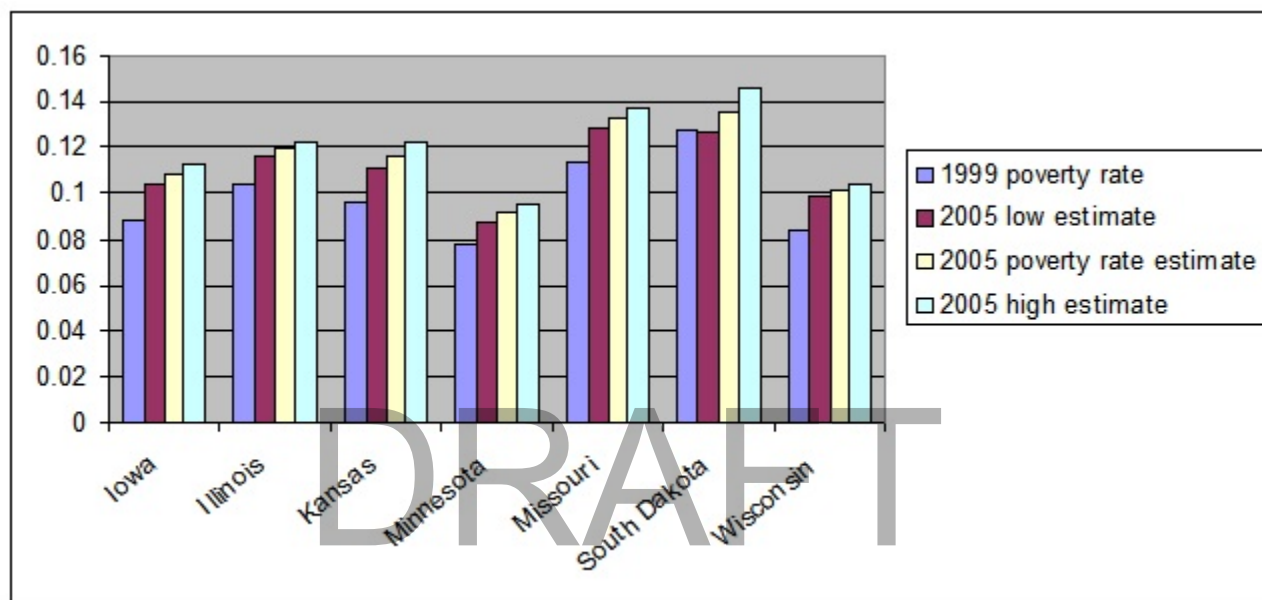
Chart 1.6: Median Per Capita Income by Residence in 2004



In some counties, there were small numbers of some types of migrants, so the confidence intervals around these per capita income estimates (not shown) were very wide, and the mid-range estimates presented here should be interpreted with care. The chart makes an interesting point: attracting new migrants may be essential for Iowa's future growth, but those migrants are likely to have lower incomes than established residents, at least initially.

Poverty rates mirrored declining incomes, increasing throughout the Midwest, as Chart 1.7 shows. The rise in the proportion of people in poverty in Iowa, from 8.82% in 1999 to 10.84% in 2005, was the second largest rise in the region, although most of Iowa's neighbors have higher poverty rates.

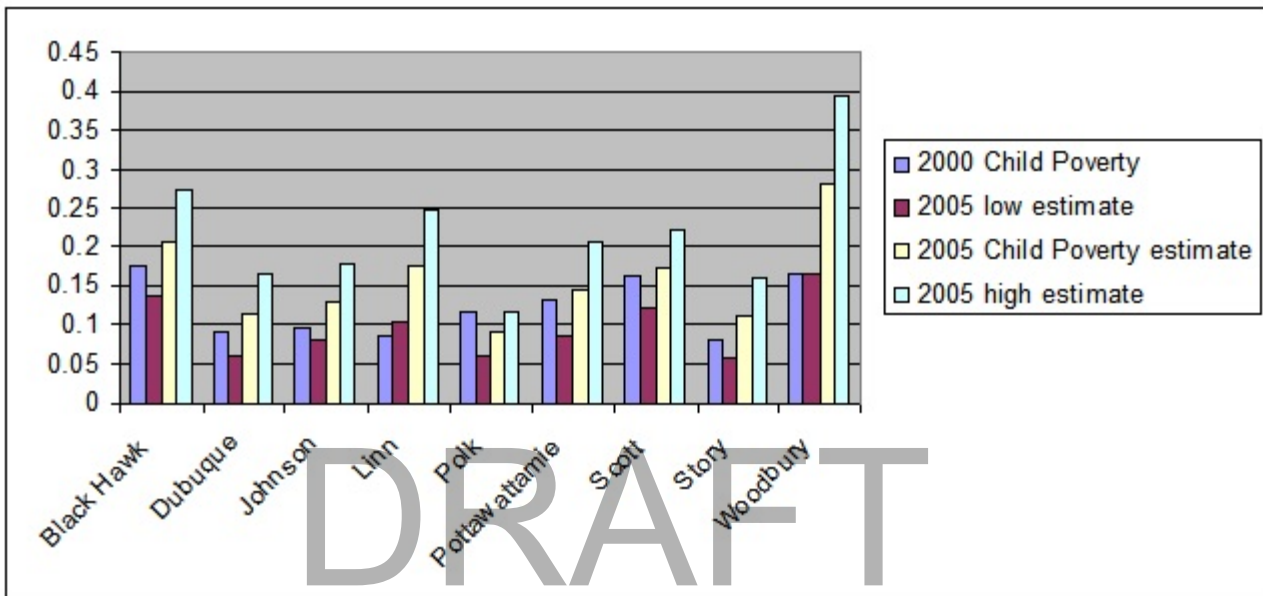
Chart 1.7: Change in Poverty Rates in the Region, 1999 and 2005



Iowa's larger counties showed different trends in poverty rates. Chart 1.8 shows changes in poverty rates among children, the age group that experienced the sharpest increase in poverty during the first half of this decade. Smaller sample sizes mean that we can only be confident that child poverty rates increased in two counties—Linn and Woodbury—where even the low estimates for 2005 are higher than the 1999 rates. Child poverty rates appear to have declined rather than increased in Polk County. Trends in the remaining larger counties are inconclusive; although the mid-range rates estimated by the ACS are higher than the rates estimated in the 2000 Census, these differences may be the result of the smaller sample size in 2005 rather than real trends.

However, state-wide increases in poverty suggest that ACS mid-range estimates may be a reasonable guide.

Chart 1.8: Change in Child Poverty Rates by County, 1999 and 2005



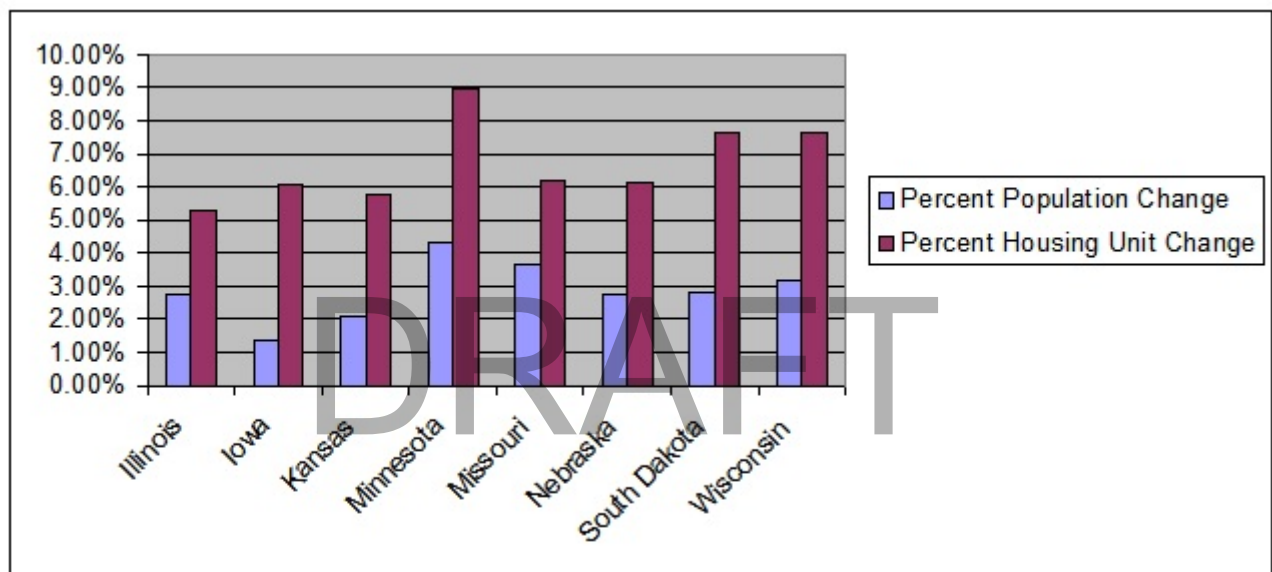
These estimates are supported by a different source of data, the 2005 estimate of Iowa's homeless population.⁵ That study estimated that the homeless population has likely grown by at least 14% since 1999, and that families with children now make up a majority (61%) of homeless households.

⁵ Iowa Policy Project. 2006. *2005 Iowa Statewide Homeless Study*. This study developed an estimate of Iowa's year-round homeless population, based on counts of people served during a limited survey period.

IOWA'S CHANGING HOUSING STOCK

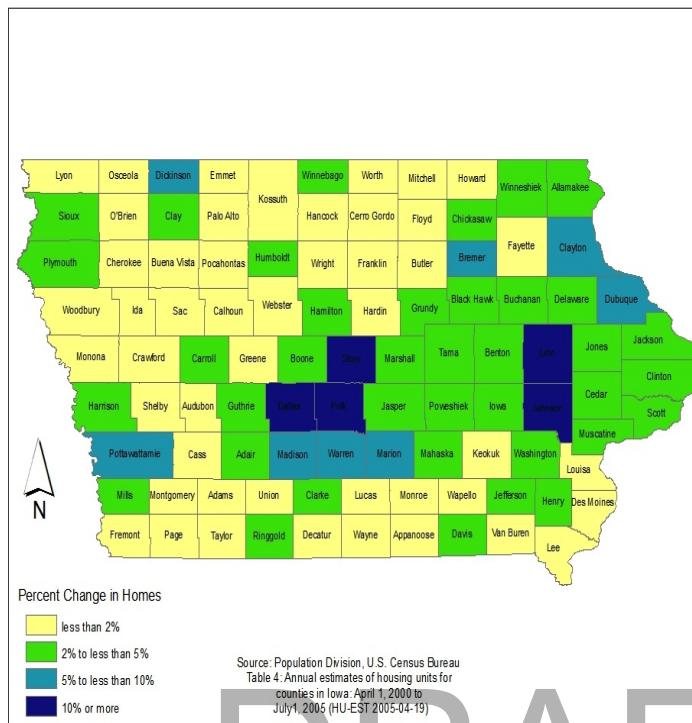
Although Iowa's population grew by only 1.3% during the first half of the decade, the Census Bureau's estimate of the state's net housing stock growth suggests an increase of 6% over the same period. While this was in the mid-range of housing unit growth for the Midwest, the estimated growth in homes in Iowa far outstripped estimated population growth, and the margin was wider than in neighboring states, as Chart 1.9 shows.

Chart 1.9: Comparing Population and Housing Growth in the Region, 2000 to 2005



Map 1.4 shows that housing growth was concentrated in some metropolitan counties. The Des Moines, Cedar Rapids, and Iowa City metropolitan areas dominated growth over this period, but some of the largest proportionate increases in housing units occurred in fringe suburban counties.

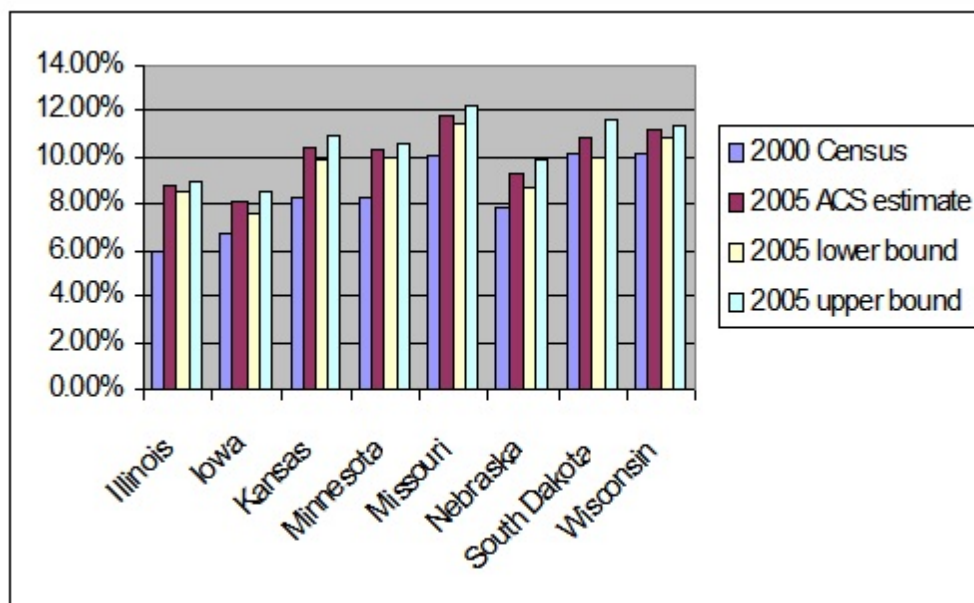
Map 4: Estimated Housing Growth, 2000 to 2005



Housing stock growth appears to have resulted in softer housing markets throughout the region, with 2005 vacancy rates higher than 2000 rates. However, we should also be aware of the possible effects of changes in the way the ACS identifies vacant units. We may be seeing the results of methodological changes rather than a real shift.⁶ Regionally, Iowa compares well with its neighbors, with the lowest vacancy rates and one of the lowest rates of increase in vacancies. Nevertheless, a statewide vacancy rate of more than 8% suggests housing growth may be occurring too rapidly to be sustained.

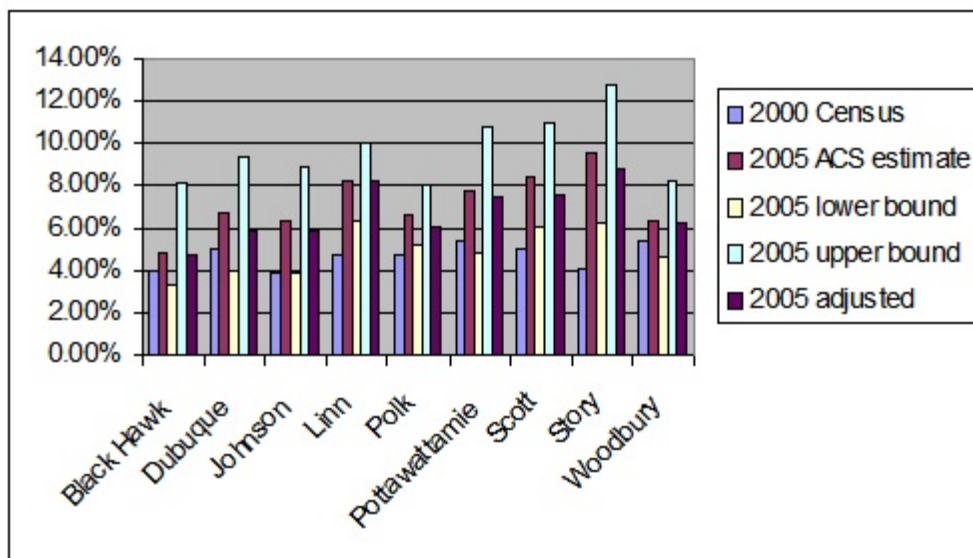
⁶ Because people are counted where they are living and not at their permanent residence, there may be higher numbers of seasonally vacant units. More importantly, the confidence interval around vacancy rates is wider than other housing characteristics because vacant units are only identified during the follow up on one in three households, in contrast to the 100% follow up performed after the 2000 Census of Population and Housing. Thus, it is possible that vacant units are systematically underestimated in the ACS.

Chart 1.10: Change in Vacancy Rates for the Region, 2000 to 2005



Vacancy rates have increased quite rapidly in some metropolitan counties. Johnson, Linn, Polk, Scott, and Story appear to have significantly softer housing markets in 2005 compared to 2000. However, some of this may be a result of more seasonally vacant units. The final column for each county in Chart 1.11 adjusts for this, showing 2005 vacancy rates without including units that are vacant because of the way the ACS defines “residence.” In Black Hawk, Linn, and Woodbury counties, this adjustment alters estimated vacancy rates only marginally, but it has a greater effect in Dubuque, Scott, and Story counties.

Chart 1.11: Change in Vacancy Rates by County, 2000 to 2005

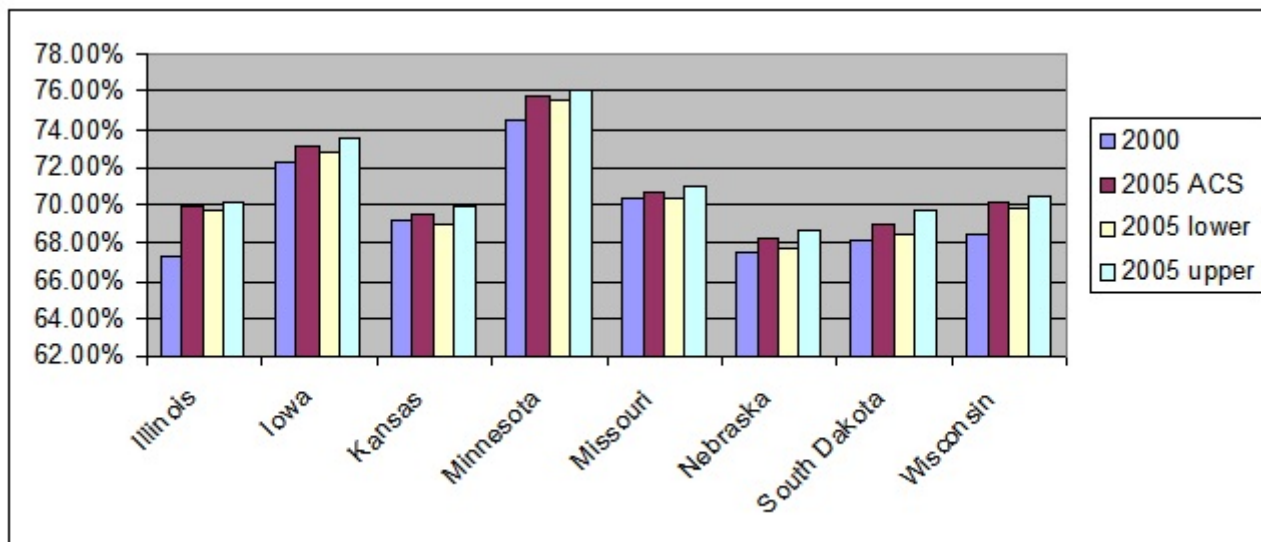


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CHANGES IN HOME OWNERSHIP

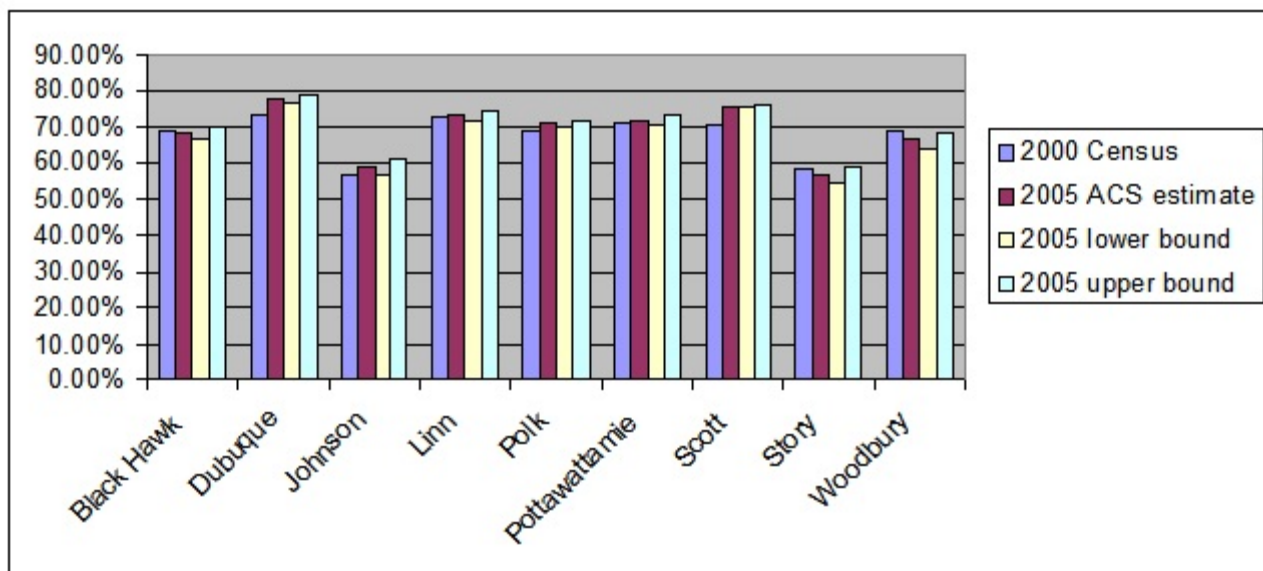
Nationally, home ownership continued to grow, in part because of continued low interest rates. Home ownership rates increased slightly in Iowa, but not as fast as in neighboring states with larger metropolitan areas - Illinois, Minnesota, and Wisconsin, as Chart 1.12 shows. Nevertheless, Iowa retained its position as second only to Minnesota in the proportion of households that own their own homes.

Chart 1.12: Change in Home Ownership in the Region, 2000 to 2005



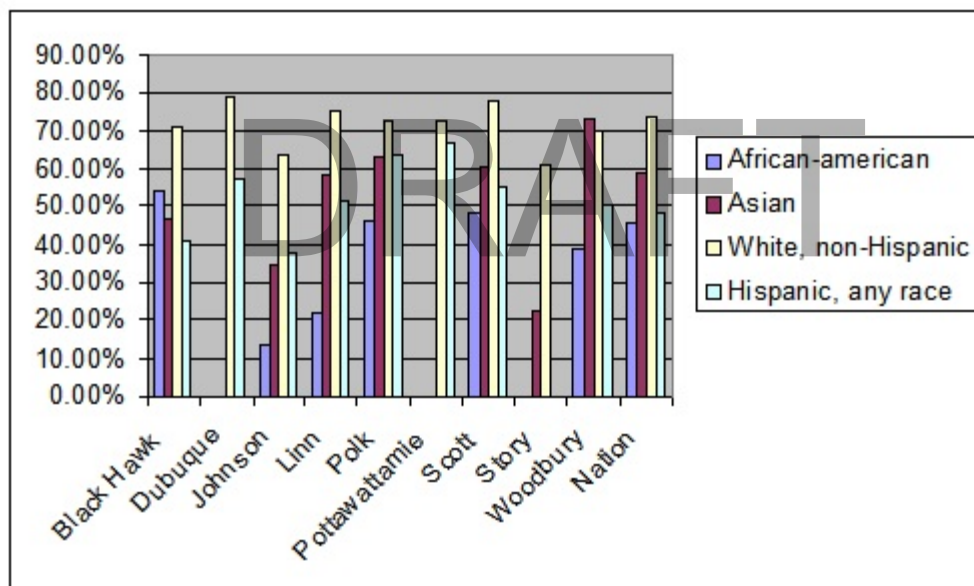
We can say with some confidence that home ownership rates increased in Dubuque, Johnson, Polk, and Scott counties, but they may have declined in Woodbury County since 2000.

Chart 1.13: Change in Home Ownership by County, 2000 to 2005



Although Iowa has high home ownership rates compared to the nation, the home ownership rate varies widely among racial and ethnic minorities, in different metropolitan areas. In Black Hawk, Polk, and Scott counties, home ownership rates for African-Americans are close to or higher than rates for the nation as a whole. But ownership rates for African-Americans are much lower than the average for the nation in the remaining metropolitan areas. Asian households have ownership rates close to or above the national average in Linn, Polk, Scott and Woodbury counties. Rates are likely low in Johnson and Story counties because of the high proportion of students among the Asian population. For Hispanic households, ownership rates are higher than the national average in all except Black Hawk and Johnson counties.

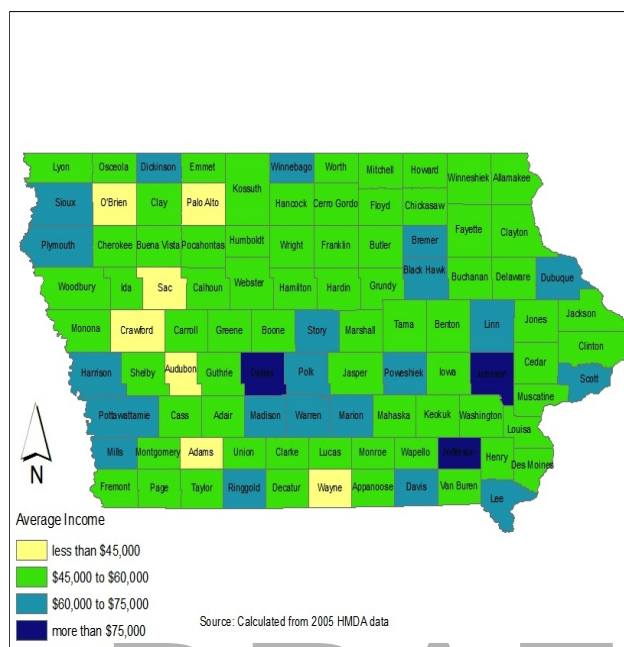
Chart 1.14: Home Ownership Rates by Race and Ethnicity by County, 2005



Mortgage lending patterns offer another picture of home ownership trends. Map 1.5 shows the average incomes of households who purchased homes in 2005.⁷

⁷This data is drawn from the Home Mortgage Disclosure Act dataset, collected from lending institutions with headquarters in metropolitan areas. While bank consolidation and the rise of internet lending has extended the reach of metro-based firms into most non-metro

Map 1.5: Average Income of Home Buyers, 2005



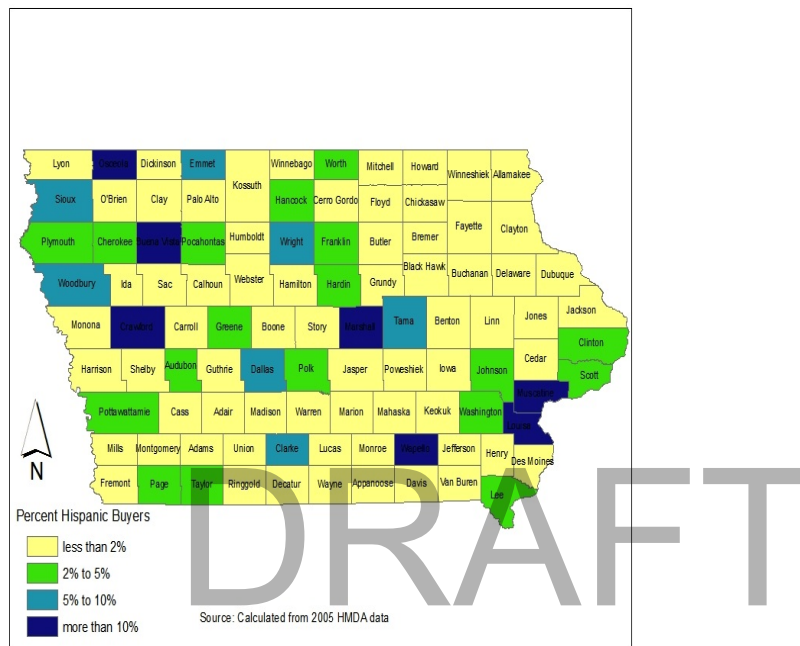
Home buyers⁸ were wealthier on average in two high cost housing markets (Johnson and Dallas counties), and in Jefferson County, which has a major educational institution that creates a unique market. In the majority of counties, buyers had average incomes close to the median for the state (\$45,000 to \$60,000).

counties, the data is incomplete (nationally, it is estimated to cover approximately 80% of mortgages originated in any year). Thus, estimates of lending patterns in non-metro counties may be biased, because some types of borrowers may be more likely to obtain mortgages from metro-based lenders (those who have internet access or who are willing to shop for a mortgage by phone).

⁸ This analysis was limited to primary (first lien) loans for purchases of conventional single family homes for owner occupation; purchases of manufactured homes are excluded. It includes only loans that were originated, not those purchased by an institution.

Minority borrowers (those of any ethnicity who reported their primary race as something other than white) represented a very small proportion of all buyers in most counties. Hispanic home buyers made up a larger share of the market.

Map 1.6: Percent Hispanic Home Buyers, 2005



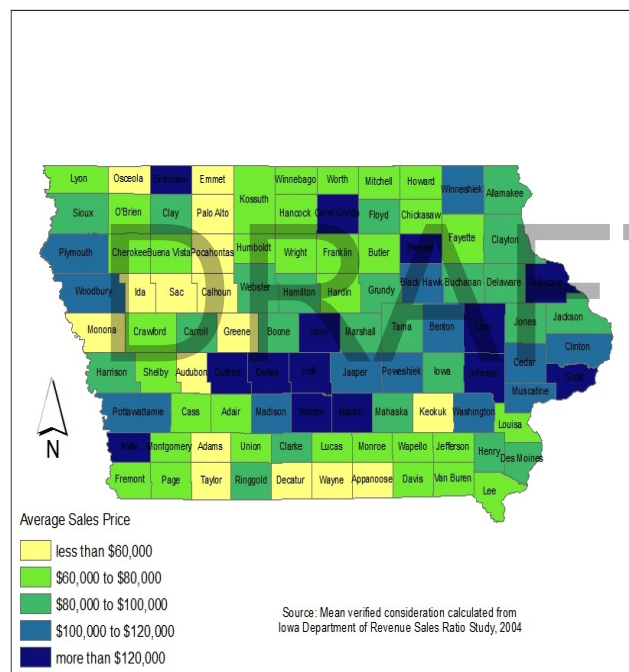
CHANGES IN HOME PRICES

Most metropolitan areas (except for the Waterloo / Cedar Falls, Sioux City, and Council Bluffs metro areas) reported average sales prices above \$120,000 in 2005, according to the Iowa Association of Realtors. Five Des Moines metro area counties had prices in this range. Two non-metropolitan counties (Dickinson and Cerro Gordo) had similar high average prices. Map 1.7 shows average sales prices based on the verified sales reported by County Assessors.⁹ Several

⁹Verified sales are reported as the basis for tax assessment adjustments in an annual series of Sales Ratio studies issued by the Iowa Department of Revenue. This data is different to the median home value reported in the 2000 Census of Population and Housing and the American Community Survey. First, it is an average rather than a median value, so it may be more influenced by extremes in value. Second, it is based on the sales price recorded for legitimate

counties in the West and South of the state report average sales prices of less than \$60,000, well below replacement value. Even counties with sales in the \$60,000 to \$80,000 range may have difficulty attracting new construction, because new homes are less likely to appraise for what they cost to build. The problem in low-priced counties may be declining housing quality because of a “value gap,” in contrast to counties with average sales prices above \$120,000, which may face deteriorating ownership affordability because of an “affordability gap.”

Map 1.7: Average Residential Sales Prices 2004

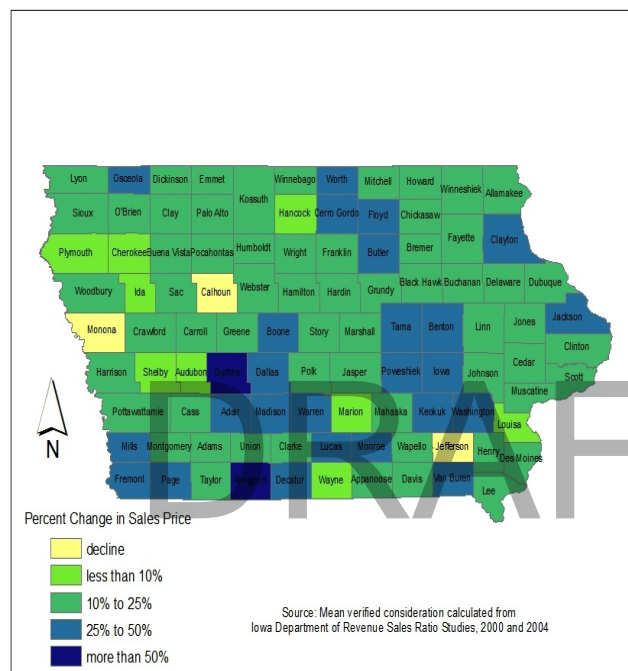


Price increases have been quite rapid (more than 25%) in some counties, mostly those on the suburban fringe of metropolitan areas. The central metropolitan counties (with the exception of Woodbury and Pottawattamie) report sales price increases in the 10% to 25% range. A cluster

market sales, so it does not reflect the bias that may be introduced by home owner assessments of the value of their home, which is what the 2000 Census and ACS report. Third, it includes all single family residential sales, not just those of owner-occupied units. It is not assessed value.

of counties in the North-central and extreme Southwest portions of the state have also seen substantial price rises since 2000, although with the exception of Mills and Cerro Gordo counties, average prices remain modest compared to the rest of the state.

Map 1.8: Home Price Increases, 2000 to 2004



Data on home values from the American Community Survey is not directly comparable to sales prices, because it is based on owners' assessments of what their home is worth, rather than a record of an actual market transaction. Nevertheless, median home values can be a rough indicator of the health of housing markets. Chart 1.15 compares Iowa's median home values to those of neighboring states, adjusting the value reported in the 2000 Census to reflect inflation. Unlike median family incomes, median home values have appreciated substantially in real terms, although Iowa's increase of just less than 14% is moderate compared to increases of 20% to more than 40% in neighboring states with large metropolitan areas.

Chart 1.15: Regional Change in Median Home Values, 2000 to 2005

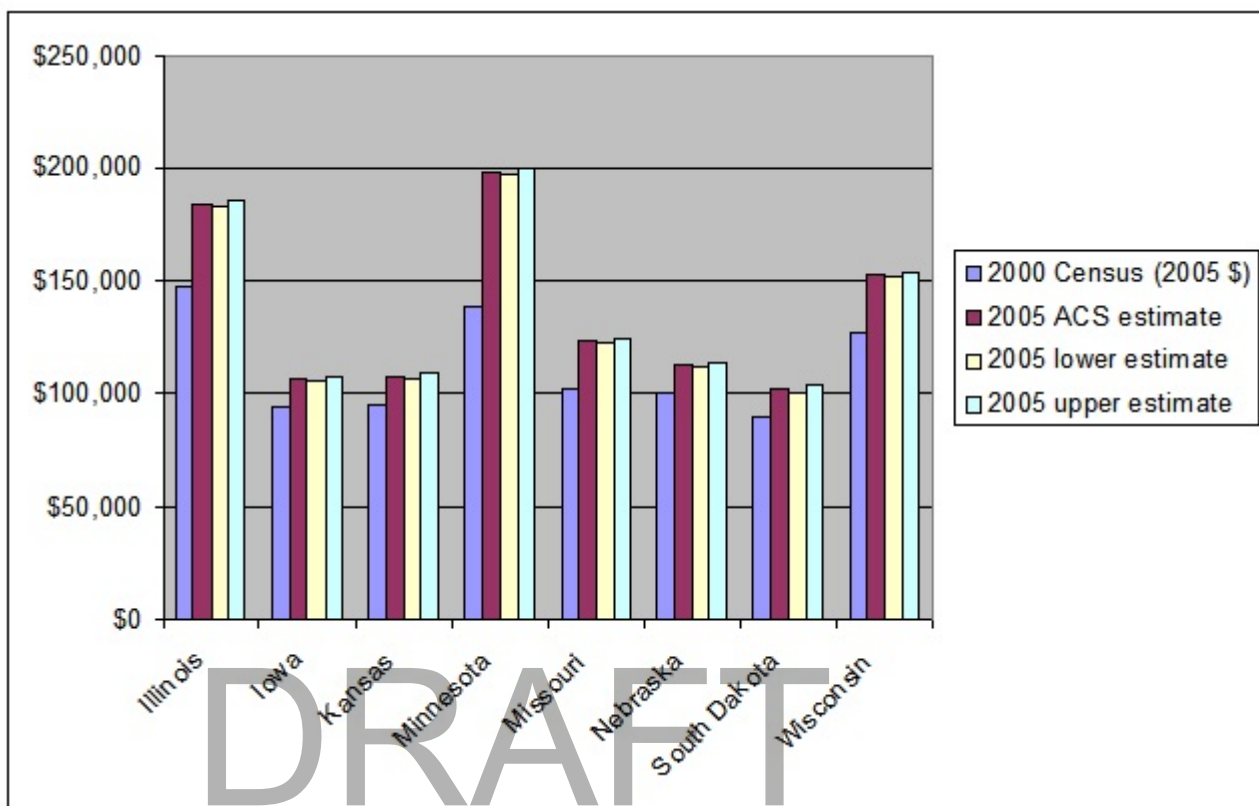
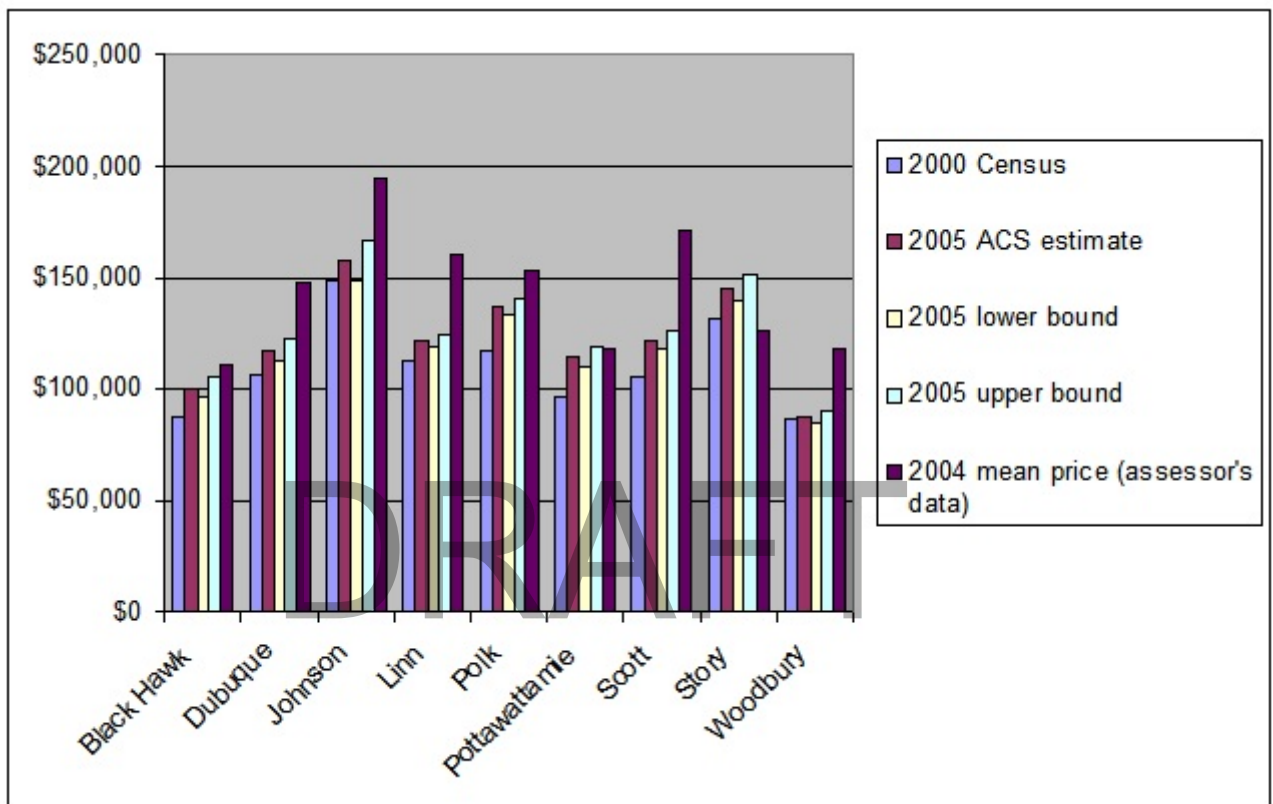


Chart 1.16 shows reported median home values for the major metropolitan counties in Iowa in 2000 (adjusted for inflation) and 2005. It also shows the average price of homes sold in those counties in 2004, as reported by County Assessors' offices. In most cases, reported values are substantially below the average price of homes sold. We would expect a larger proportion of homes sold in a year to be new, compared to the share of new houses in the stock as a whole, so this makes sense, but the gaps between the two sources are inconsistent. Mean prices are below the median reported values in Story County (even though Story County has seen rapid housing development, judging from building permit data). However, they were very close to reported values in Black Hawk and Pottawattamie counties, which have not seen as much new construction. Black Hawk, Polk, Pottawattamie, and Scott counties all saw real increases in median reported home values of more than 15% from 2000 to 2005. Woodbury County saw very

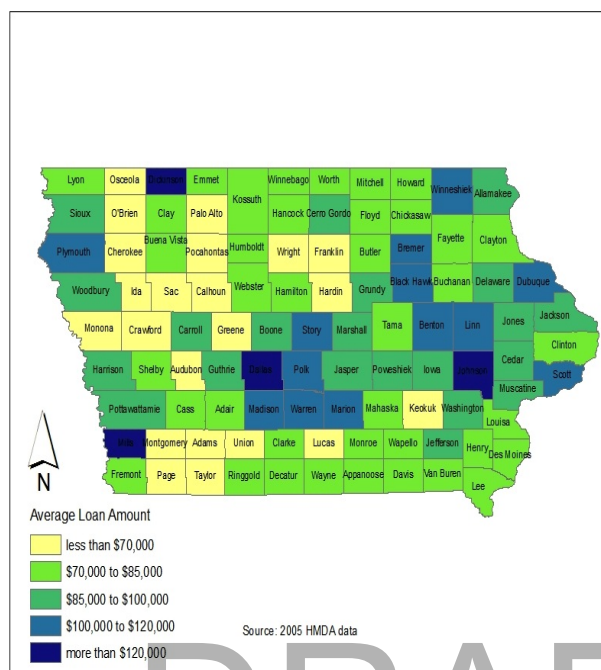
little appreciation (reflecting its falling home ownership rate), and appreciation in reported values in Johnson County was lackluster at just over 5%. Appendix A provides updated estimates of the distribution of home values for all counties in the state.

Chart 1.16: Change in Median Home Values by County, 2000 to 2005



Map 1.9 shows the average size of loans originated for single family home purchases in Iowa in 2005 (from Home Mortgage Disclosure Act data). These average loan sizes are mostly consistent with the information from County Assessors' offices. Appendix A shows the distribution of loans by quartile for each county in the state.

Map 1.9: Average Loan Size by County, 2005

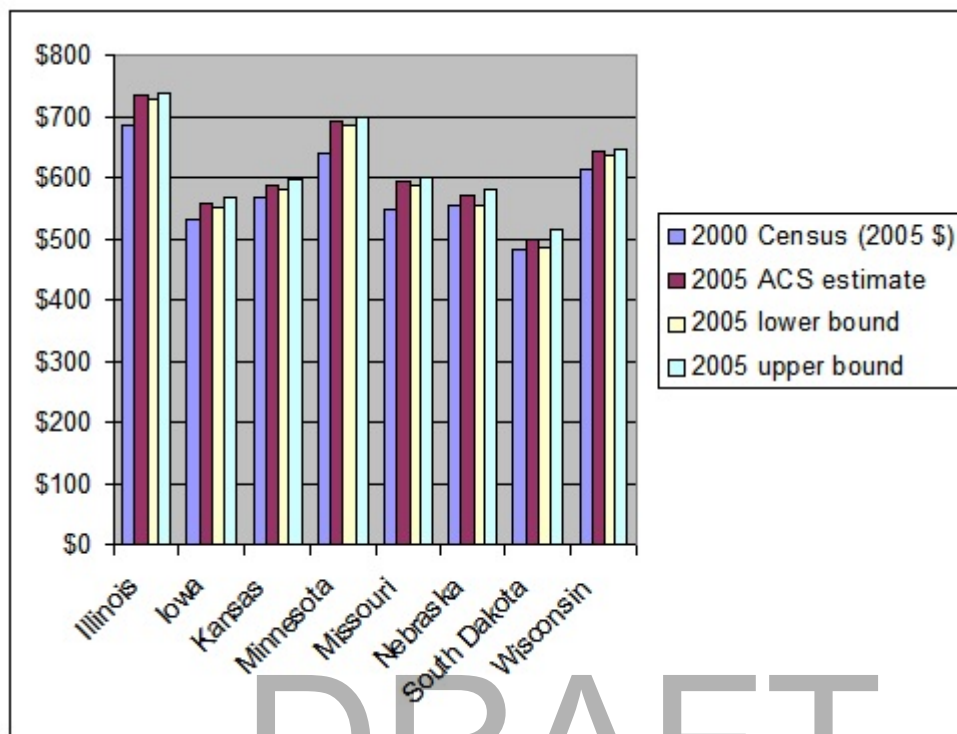


Overall, home prices appear to have appreciated steadily while incomes have declined. But these trends have been less acute in Iowa than in some neighboring states.

TRENDS IN RENTS

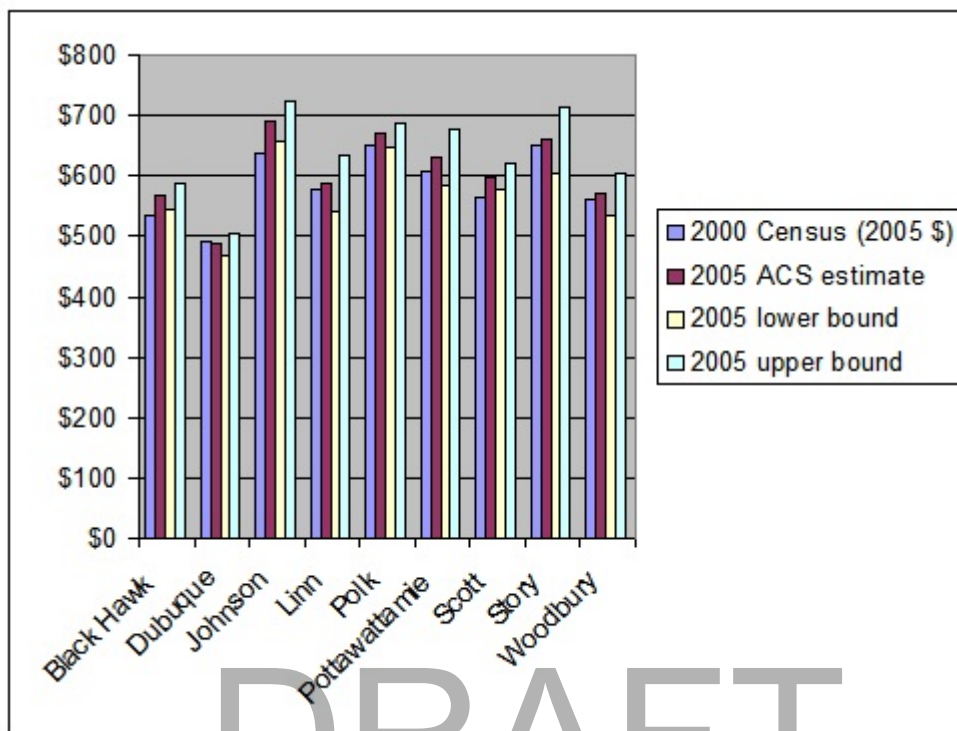
Census reported data on rents may be somewhat more precise than data reported on home values, although estimates of other costs (such as utilities) may introduce some inaccuracy. Gross rents (including utilities) in Iowa grew at just less than the average for neighboring states (at 4.9% compared to 5.3% for the region). Real increases in Iowa were outstripped by more rapid growth (above 7%) in Illinois, Minnesota, and Missouri. Although median rents grew faster than median family incomes in Iowa, as with home prices, the effect was moderate in comparison to some neighboring states.

Chart 1.17: Regional Change in Median Gross Rent, 2000 to 2005



Overall, gross rents have increased less rapidly than reported home values or mean sales prices in most major metropolitan counties, as Chart 1.18 shows. Once we adjust 2000 median gross rents for inflation, it appears that some counties (Dubuque, Linn, Story, and Woodbury) have seen negligible increases or slight declines. Others (Black Hawk, Johnson, and Scott) have seen increases above 5% over the 5 year period. Johnson County is the only metropolitan area where rents have inflated faster than housing values, and estimated gross rents in the county are now the highest in Iowa.

Chart 1.18: Change in Median Gross Rent by County, 2000 to 2005



CONCLUSION

The trends outlined in this chapter suggest that during the first half of this decade:

- Most housing markets slackened as housing growth outstripped population growth;
- A few metropolitan areas saw robust growth, but much of this growth occurred in fringe rather than central counties;
- Iowa's population became more diverse, and future increases in home ownership will likely be among racial and ethnic minorities;
- Housing prices grew much faster than family incomes, suggesting that the affordability gap will be a continuing concern, especially if the state is to continue to attract new in-migrants.

The following chapter explores specific areas of housing need in greater detail.

CHAPTER TWO: IOWA'S CHANGING HOUSING NEEDS

The previous chapter outlined key trends in Iowa's population, economy, and housing stock. In this chapter, we look at how a few indicators of housing need changed between 2000 and 2005. We examine two questions:

- How has affordability changed, for owners and renters, and for different kinds of households?
- How has the incidence of lead-based paint hazards (akey housing quality issue) changed?

We examine two more specific questions about needs

- How could Iowa's existing housing stock be adapted to better meet the needs of elderly and non-elderly disabled households?
- How are communities positioned to accommodate the housing needs of younger working households?

TRENDS IN AFFORDABILITY

Median home prices have risen faster than median incomes. Has this resulted in worse housing affordability compared to 2000? We use a standard definition of affordability: that households paying more than 30% of their income for housing costs are cost-burdened, and may have an affordability problem. This is not a perfect proxy measure, because some households may choose to take on high cost burdens to buy their dream home, although there may be affordable homes available in the same community. This is likely to be the case with many moderate to higher income cost-burdened households. For those with more limited incomes, however, it is far more likely that alternative adequate quality housing may not be available at a lower price in the same community. Some households may choose to trade off commuting costs for housing costs, and travel further to work from lower priced bedroom communities. For others, this choice may be far less attractive, or even feasible. Neither is it clear that housing in more distant lower-priced communities is always more affordable, once we add in the costs of commuting long distances. Time, capital depreciation, maintenance, insurance, and parking costs need to be considered alongside gas costs.

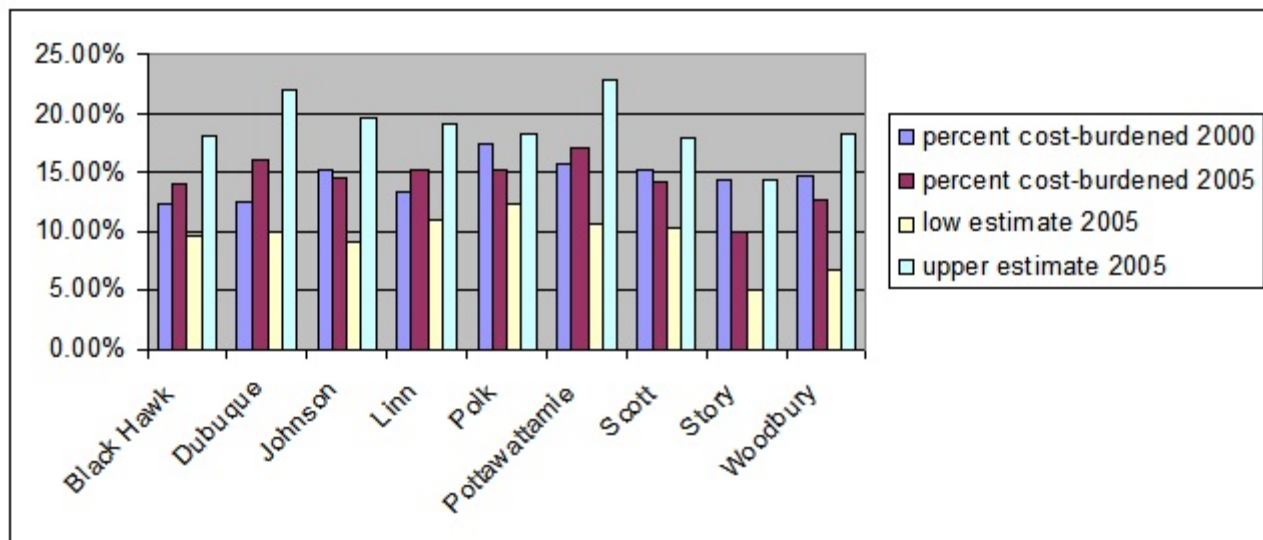
Regardless of individual preferences, there is a strong argument that communities should offer a balance between jobs and housing. If affordable adequate quality homes are available to local workers at all pay scales, the well-documented costs of sprawl may be controlled. Suburban sprawl imposes many costs on local economies. Fiscal zoning (where some communities zone lots of land for revenue-producing commercial or industrial uses, and little for revenue-consuming higher density residential uses) stimulates the growth of bedroom communities, and leads to an inequitable distribution of revenue among communities. Infrastructure investment that serves scattered low density development is more wasteful than infrastructure that serves contiguous development. In addition to the costs of increased commuting, the environmental costs of converting undeveloped land on the fringe, and the removal of productive land from farming, may be considerable.

Although Iowa does not face the sort of growth pressures that some states do, growth management advocates are becoming more vocal. Wise public policy should consider the full implications of the choices it encourages. Thus, affordability concerns cannot be dismissed by arguing that households could merely choose to commute longer distances. Communities that benefit from commercial and industrial firms should be able to offer adequate affordable housing to the employees of those firms. Finally, if Iowa's continued growth indeed relies on attracting migrants, an affordable housing stock will be an asset, enhancing the state's ability to attract new residents.

TRENDS IN HOME-OWNERSHIP AFFORDABILITY

Although home prices have risen faster than incomes, the ACS estimates provide little clear support for the argument that affordability has worsened for owner households. Chart 2.1 shows that although the ACS estimates that the proportion of cost-burdened owner households has risen in Black Hawk, Dubuque, Linn, and Pottawattamie counties, these increases are not statistically significant. In the remaining major metropolitan counties, the 2005 ACS estimates that proportionately fewer households are paying more than 30 percent of their income for housing in 2005 compared to 2000.

Chart 2.1: Change in Owner Affordability by County, 2000 to 2005



What could explain this? Mortgage interest rates¹⁰ have decreased steadily since 2000, and this may explain part of the apparent improvement in affordability despite the widening gap between incomes and housing prices. Targeted efforts to increase home ownership may be having positive effects. However, a more important explanation may be the changes in the underlying income distribution of home owners between 2000 and 2005. Chart 2.2 shows the distribution of owners by income category in each major metropolitan county. In every county except one, wealthier households (earning \$75,000 or more) made up a larger share of home owners in 2005 compared to 2000.

¹⁰ Rates for 30-year fixed rate mortgages declined from 8.05% in 2000 to 5.83% in 2003, and were close to that low (at 5.87%) in 2005. Annual averages of 30-year fixed mortgage rates were obtained from: http://www.freddiemac.com/pmms/docs/30yr_pmmsmnth.xls

Chart 2.2: Homeowners by Income Category, 1999 and 2005

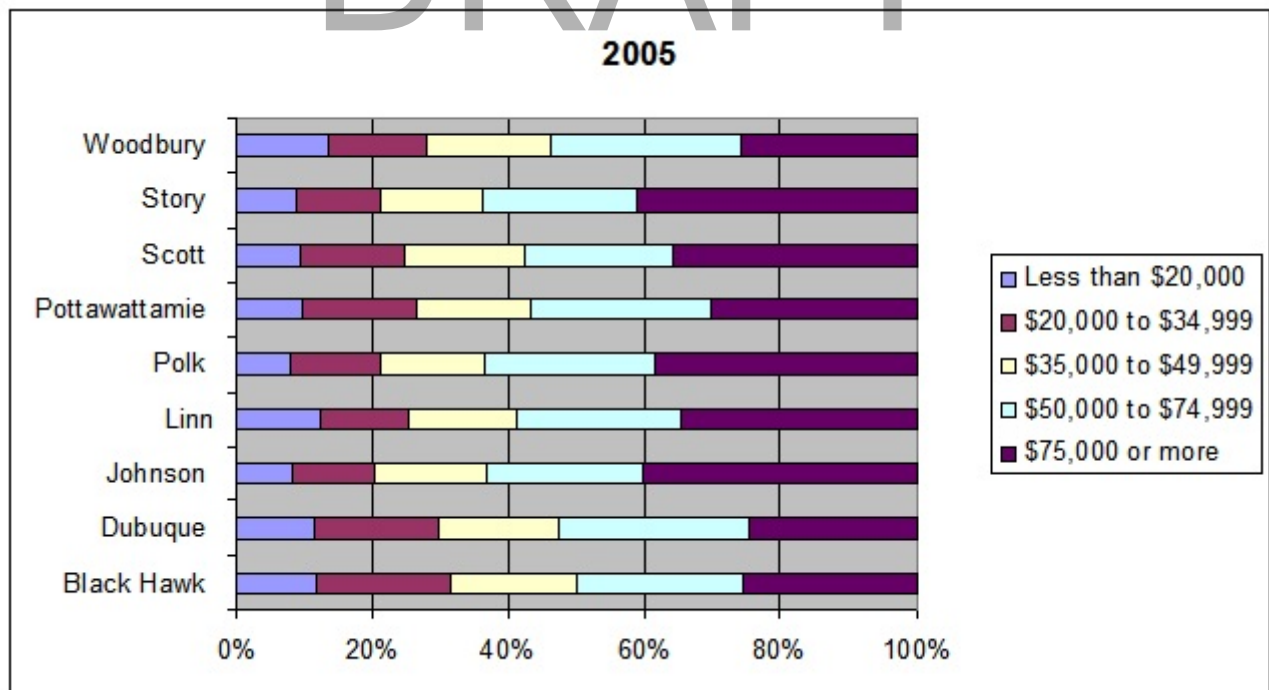
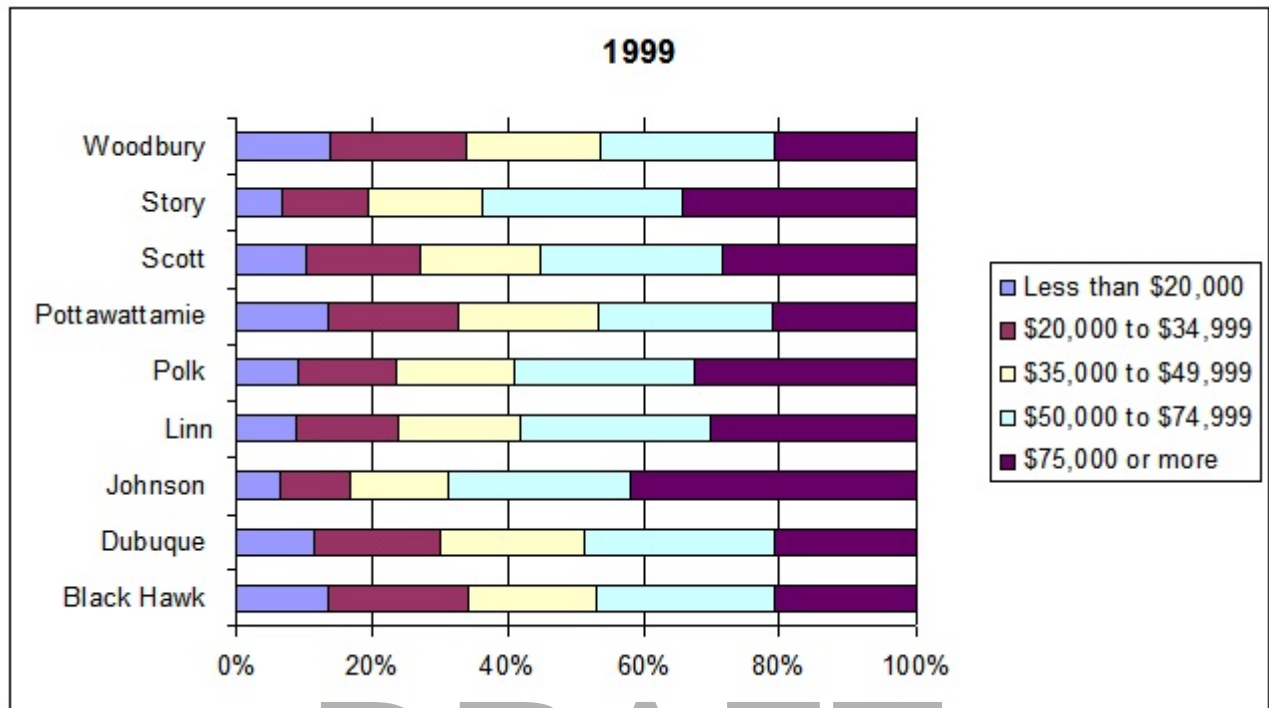
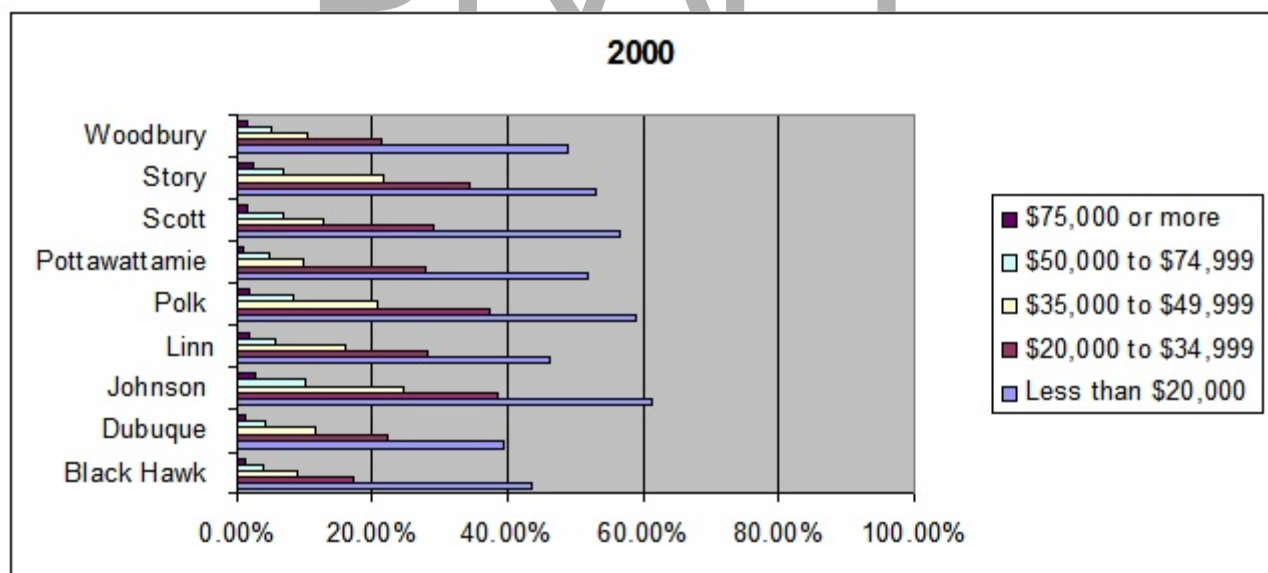
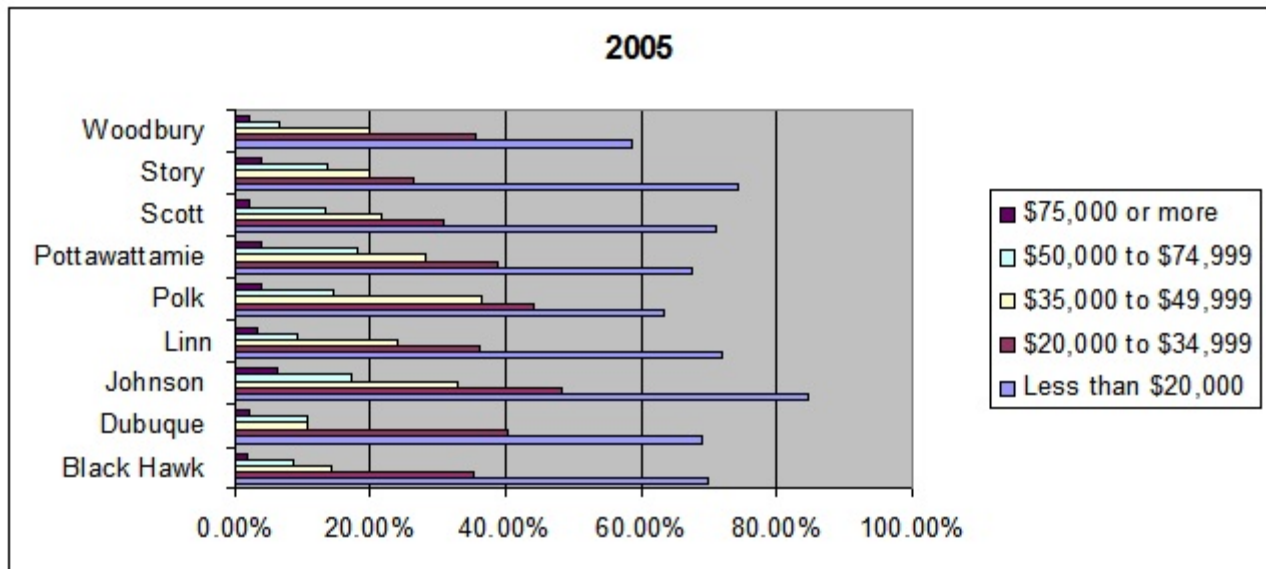


Chart 2.3 shows the proportion of households in each income category who were cost-burdened in 2005 compared to 2000. The chart shows that the proportion of cost-burdened households rose within each income category, but that affordability varied widely among income categories. For instance, for households earning incomes between \$35,000 and \$49,999 in 2005, an average of 23.1% were cost burdened, up from an average of 15.2% in 2000. In contrast, for households earning \$75,000 or more in 2005, an average of 3.2% were cost-burdened, up from 1.7% in 2000. In 2005, because owners with incomes over \$75,000 accounted for a higher proportion of owner-occupied households (32.9% vs. 27.9% in 2000), compared to the proportion accounted for by households earning between \$35,000 and \$49,999 (16.8% vs. 18.3% in 2000), the overall percentage of households who were cost-burdened declined. However, the proportion of cost-burdened households within each income category increased over the period. What we see in Chart 2.1 is the effect of increasing income inequality (or a growing affluent class) rather than increasing housing affordability. Home owner households with modest incomes paid proportionately more of those incomes for housing in 2005.

Chart 2.3: Percent Cost-burdened Owners by Income Category, 2000 and 2005

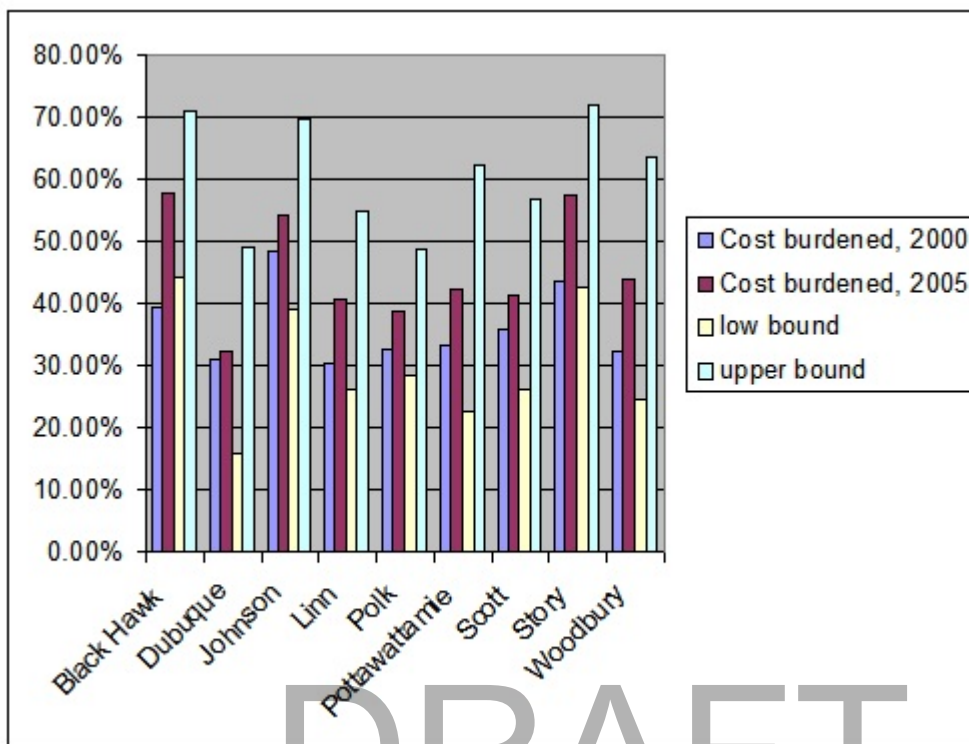




TRENDS IN RENTAL AFFORDABILITY

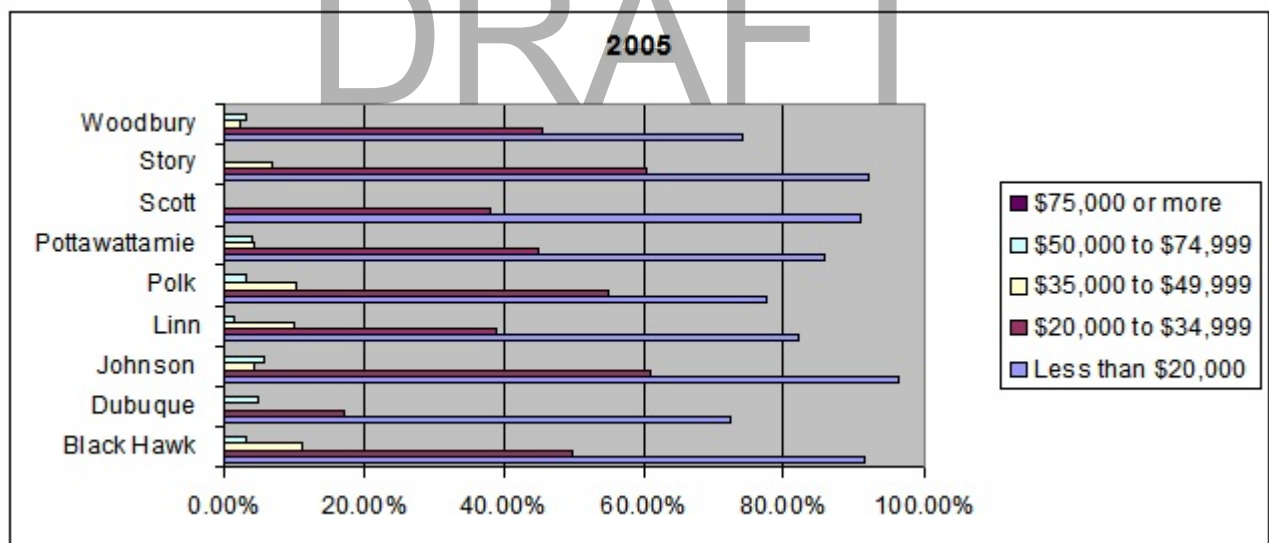
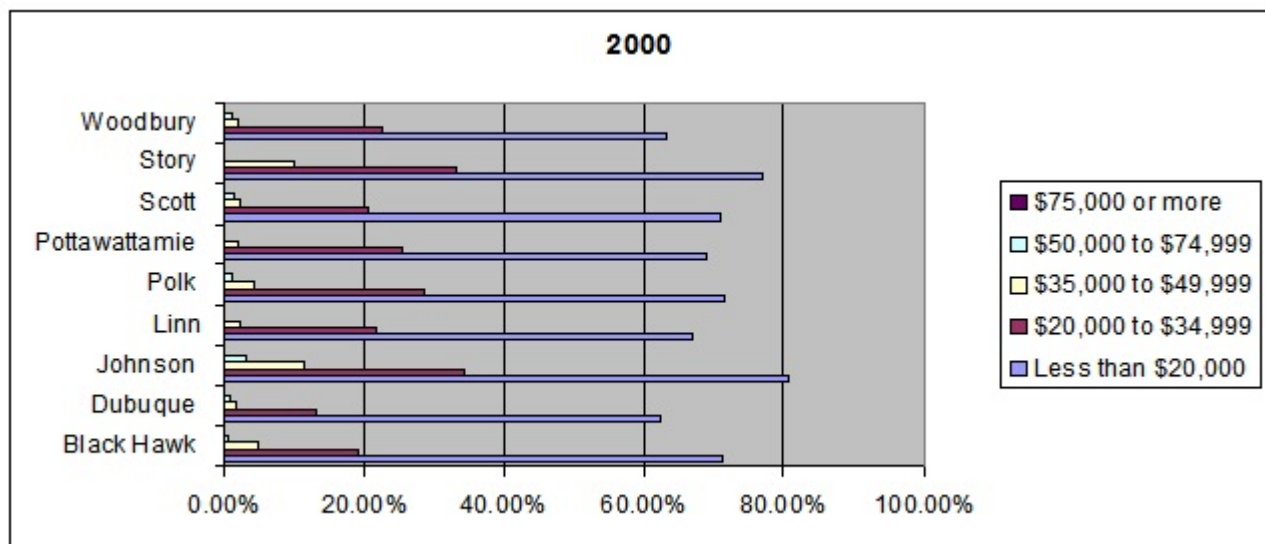
Only in Black Hawk County was a statistically higher proportion of renters cost-burdened (paying more than 30% of their income for rent) in 2005 compared to 2000. In the other metropolitan counties, the lower bound 2005 ACS estimate is lower than the 2000 Census estimated proportion, so it is possible that the actual proportion of cost-burdened renters may not have increased. However, renters make up a smaller share of households than owners, and the wide range between the upper and lower ACS estimates reflects the small sample size. The numbers may not be precise enough to determine whether there has been a significant change in rental affordability.

Chart 2.4: Change in Renter Affordability, 2000 to 2005



There may be similar income distribution effects with renters as with home owners. In all except Story and Woodbury counties, higher income households (with incomes of \$50,000 or more) made up a larger share of all renter households in 2005 compared to 2000. But only a tiny proportion of renter households earning \$50,000 or more pay more than 30% of their income in rent. Within each income category, affordability worsened significantly from 2000 to 2005. On average, among households earning between \$20,000 and \$34,999, 24.3% were cost-burdened in 2000, but 45.6% were cost-burdened in 2005. The situation was far worse for households earning \$20,000 or less; on average, about 70% of households in this income category were cost-burdened in 2000, but nearly 85% were burdened in 2005.

Chart 2.5: Percent Cost-burdened Renters by Income Category, 2000 and 2005



TRENDS IN AFFORDABILITY BY AGE GROUP

The affordability of home ownership varies by age group as well as income, as we might expect. Younger households who are more likely to be first-time buyers (those aged 25 to 34 years) may face greater barriers than older owners, because they are more likely to have purchased a home recently, and are not yet in their peak earning years. We would expect that as households age, they may be more likely to pay off their mortgages, and their incomes would increase while their expenses decreased. For elderly owners however, fixed incomes may mean they face rising cost burdens. Chart 2.6 shows that in 2005, this pattern varied substantially between metro areas, even if we exclude the highly volatile estimates for owners younger than 25.¹¹ The classic u-shaped curve held in Black Hawk, Linn and Polk, but not in Iowa's other metropolitan areas. In some places, households aged 35 to 64 years assumed higher cost burdens than others (perhaps voluntarily), and elderly households were not necessarily more likely to be cost-burdened.

Chart 2.6: Home Ownership Affordability by Age, 2005

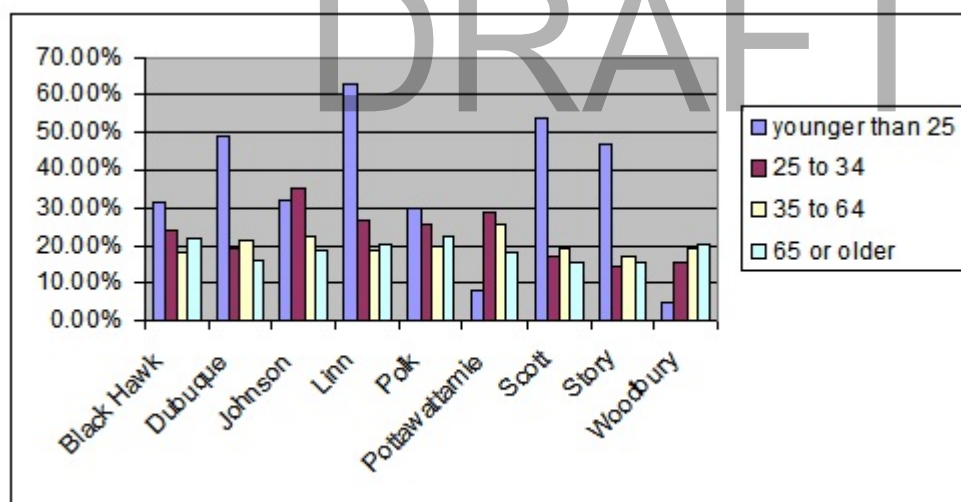
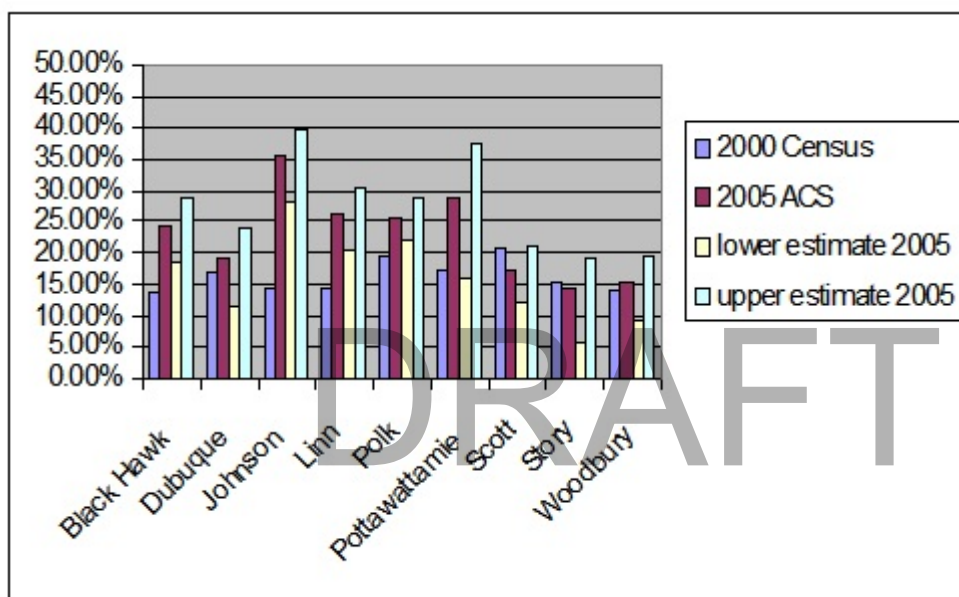


Chart 2.7 shows how affordability changed for owners in the typical first-time buyer group (aged 25 to 34). In Black Hawk, Johnson, Linn, and Polk, younger owners were

¹¹ These are based on such a small sample that it is difficult to conclude anything from the ACS estimates.

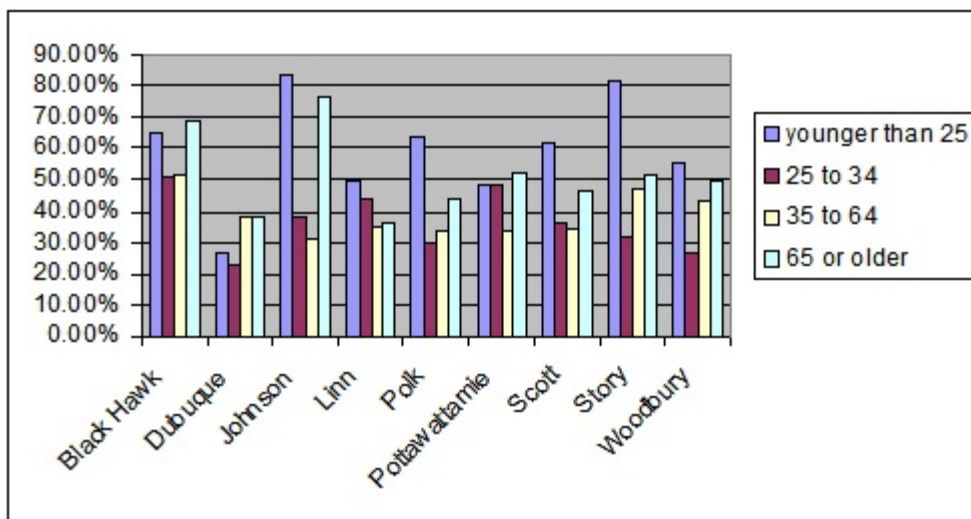
significantly more likely to be cost-burdened in 2005 compared to 2000. This was not necessarily the case in the remaining metro counties. There are similar trends for elderly home owners (with the exception of Johnson County, where it is not clear that significantly more elderly owners were cost-burdened in 2005 than 2000). Thus, the income-related changes in affordability identified above are not necessarily related to the changing age profile of the population.

Chart 2.7: Affordability for Owner Households Aged 25 to 34



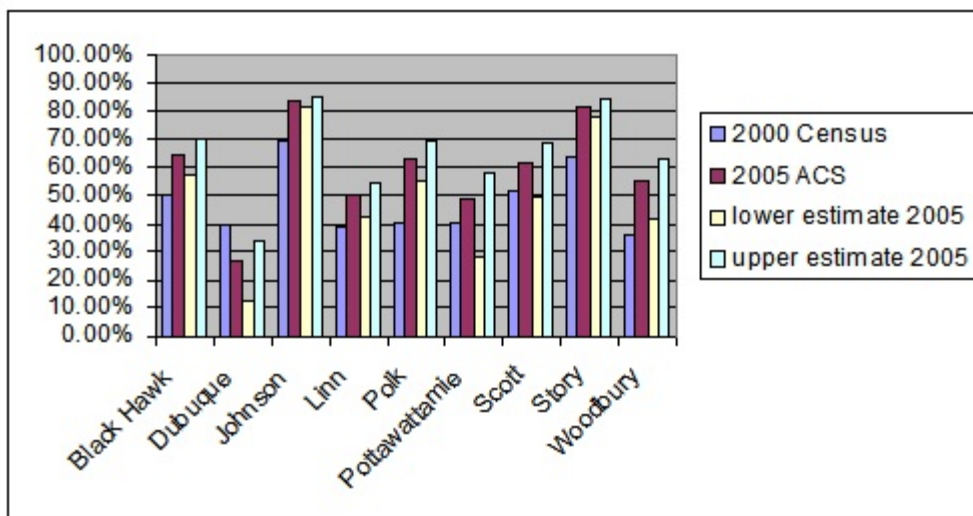
Among renter households, trends are a little more consistent across metro areas. Overall, younger and older households were more likely to be cost-burdened than households headed by someone between 25 and 64 (Chart 2.8).

Chart 2.8: Renter Affordability by Age, 2005



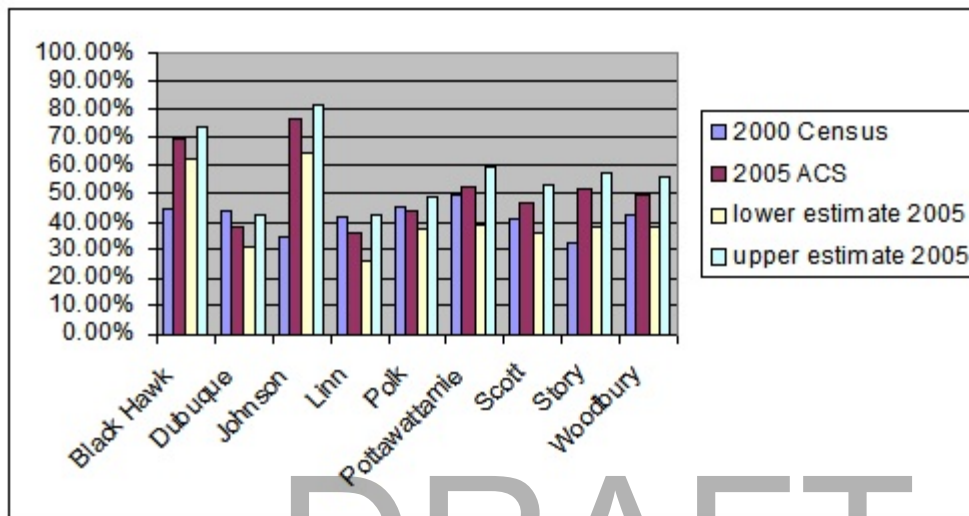
In the majority of metro counties (Black Hawk, Johnson, Linn, Polk, Story, and Woodbury), a higher proportion of younger households (15 to 24) were cost-burdened in 2005 compared to 2000, as Chart 2.9 shows.

Chart 2.9: Change in Cost-Burdened Renter Households, 25 or Younger, 2000 to 2005



Affordability did not worsen uniformly for elderly households however. In only Black Hawk, Johnson, and Story counties were a statistically significantly higher proportion of elderly households paying more than 30% of their income in rent (Chart 2.10).

Chart 2.10: Change in Cost-burdened Renter Households, 65 or Older, 2000 to 2005



What could account for this difference? Many elderly renters live in complexes restricted to those 55 and older, and the supply of these units may be better matched to renter needs than the supply of all rental units. Perhaps a more important reason however is that elderly people may have more stable incomes than very young households,¹² and that some wealthier older households choose to rent. Although there are certainly many elderly households with limited incomes, households headed by someone under 25 are poorer on average.

The same groups experienced housing affordability problems in 2005 as in 2000, but rising rents have increased the proportion of cost-burdened households within each income group. While Iowa continues to offer more affordable housing than many neighboring states, this asset is eroding slowly.

¹² Estimating “true” incomes is especially difficult for this age group as parental contributions to students (or even young workers) may not be reported as income.

HOUSING QUALITY CHANGES: ESTIMATED LEAD PAINT HAZARDS

Older homes may be an asset to communities, adding to local character and offering (potentially) affordable housing to both renters and owners. But older construction methods and materials also bring environmental hazards, in particular lead based paint. Not all homes with lead-based paint pose a health threat, but deteriorating paint surfaces can pose a severe hazard, especially threatening to young children.¹³ While no systematic survey of the incidence of lead hazards in Iowa's housing stock has been completed to our knowledge, it is possible to estimate the proportion of existing housing that may be affected, based on national surveys.

We developed estimates in an earlier study,¹⁴ based on the age of the housing stock as reported in the 2000 Census. Here, we update these estimates using 2005 estimates of housing age cohorts, and new data that differentiates homes that have lead paint from those that may have a severe lead hazard.¹⁵ Among major metropolitan counties, Dubuque, Pottawattamie, and Woodbury counties face the greatest challenges, with estimated percentages of severe lead

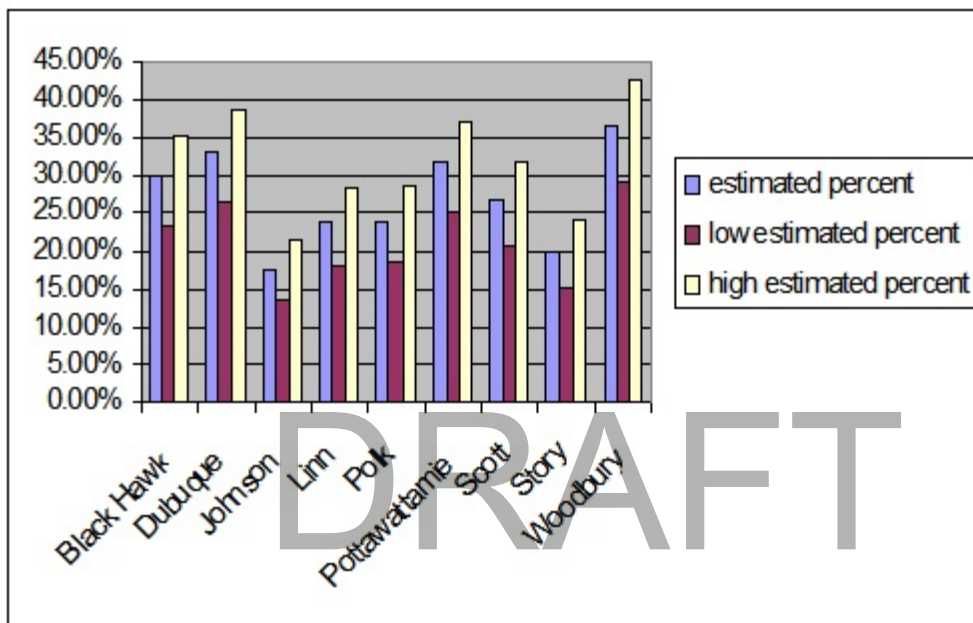
¹³ Surfaces painted with lead-based paint do not always pose a health threat. Lead-based paint is a hazard if it is deteriorating or if it is on a surface that is chewable or is subject to friction or impact. Homes with lead-based paint hazards usually have high levels of lead in dust. Children become lead-poisoned when they put lead-based paint chips in their mouths or when they get lead-contaminated dust on their hands and toys and put their hands and toys in their mouths (Gergely, personal communication November 12 2006).

¹⁴ Heather MacDonald, 2003, *Housing and Community Development in Iowa in 2000: Meeting the Challenges of the Next Decade*, a report to the Iowa Finance Authority and the Iowa Department of Economic Development.

¹⁵ David E. Jacobs, Robert P. Clickner, Joey Y. Zhou, Susan M. Viet, David A. Marker, John W. Rogers, Darryl C. Zeldin, Pamela Broene, and Warren Friedman, 2002, The Prevalence of Lead-Based Paint Hazards in U.S. Housing, *Environmental Health Perspectives*, vol. 110 no. 10, October, 599-606.

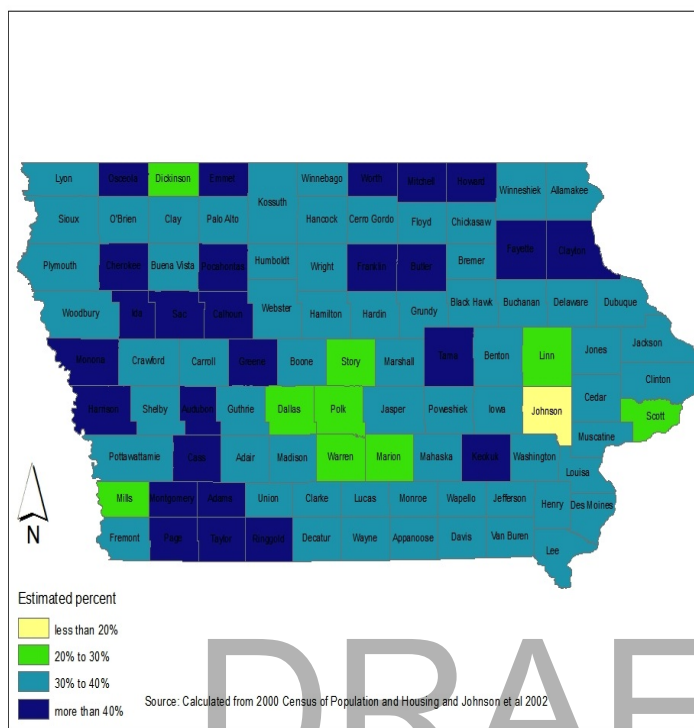
hazards above 30%. Counties that have seen rapid recent growth in their housing stock (Johnson and Story) have a much lower estimated incidence (less than 20%). Chart 2.11 shows the upper and lower bound estimates of the proportion of homes with lead hazards, but it does not calculate estimates for the range of estimated age distributions of the housing stock.

Chart 2.11: Estimated Percent of Homes with Lead Hazards, 2005



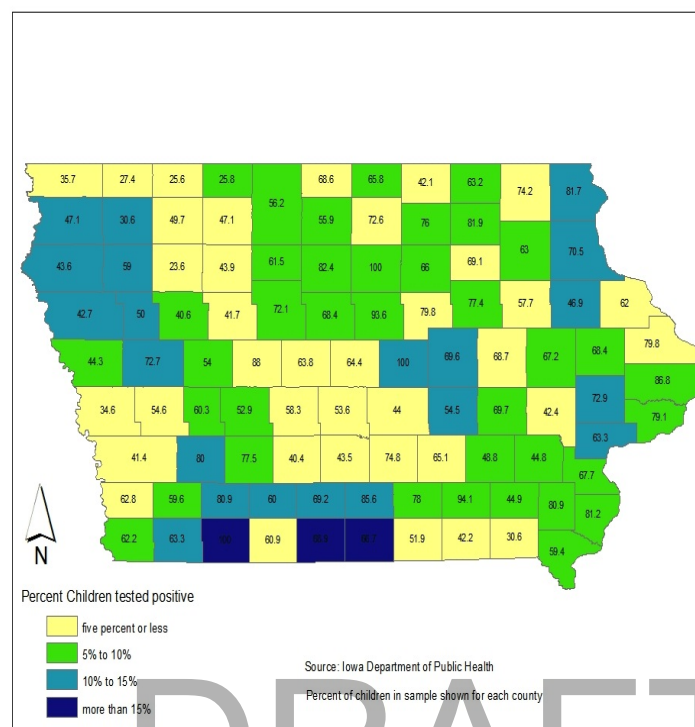
We also updated estimates statewide, based on 2000 Census data, for owner and renter-occupied housing, to incorporate the new data differentiating homes with severe hazards from those with some lead paint. Map 2.1 shows the estimated proportion of the 2000 housing stock that may have lead hazards.

Map 2.1: Estimated Percent of Homes with Lead Hazards, 2000



Blood lead testing is required for children younger than six years who are covered by Medicaid, and the Iowa Department of Public Health recommends it for all other children. Most of this testing is done by health care providers. The results of all blood lead testing must be reported to the Iowa Department of Public Health. Results are reported for each cohort of children (thus, the most recent data available is for children born in 1999). The precision of the results is affected by the sample size, which varies among counties and over time. Map 2.2 shows the percentage of children born in 1999 who tested positive for lead poisoning before their sixth birthday; superimposed on each county is the percentage of eligible children tested in that county.

Map 2.2: Incidence of Lead Poisoning among Children born in 1999



A comparison of the statewide results for the 1999 cohort of children with those for the 1995 cohort suggests that the incidence of lead poisoning may have diminished over time. A larger sample of children were tested from the 1999 cohort than from the 1995 cohort (61.5% vs. 45%). Of those tested, 6.9% (1,584) of children born in 1999 tested positive, compared to 10.2% (1,689) of children born in 1995. It is possible that the apparent decline is a result of the larger sample of 1999 cohort children, or it may reflect some improvement in the root cause of the problem.

UNMET NEEDS FOR HOME MODIFICATIONS AMONG HOUSEHOLDS WITH DISABILITIES

People with physical activity limitations can have difficulty finding decent appropriate housing adapted to their needs. A majority of elderly people would prefer to remain in their own homes as long as possible; ninety percent of households aged 70 or older live in conventional housing.¹⁶ Home modifications such as grab bars and other bathroom adaptations, ramps, or widened doorways, can help people age in place. For non-elderly people with physical disabilities, home modifications are equally important. The market for universally designed new homes is expected to grow as the baby boomer generation ages, but many needs may also be met by modifying existing homes. In a state like Iowa, where the housing stock is growing faster than the population, and where new construction is less feasible in precisely the counties with the largest elderly populations, encouraging the re-use of existing homes through modifications is especially important. This section attempts to estimate the unmet demand for home modifications among elderly and non-elderly households with activity limitations.

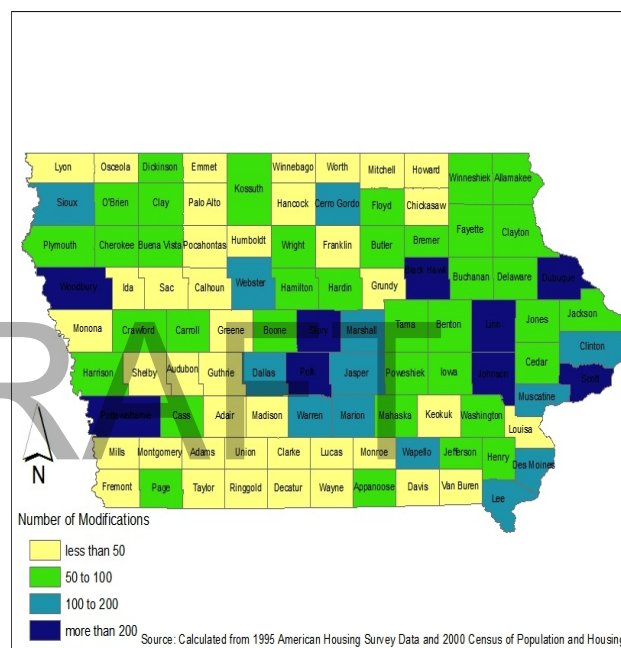
Although the Census and the ACS estimate the number of people with activity limitations, unfortunately neither survey estimates the incidence of home modifications to accommodate people with disabilities. A special supplement to the 1995 American Housing Survey (AHS) did address this question however, providing an estimate of both the incidence of, and unmet need for, several kinds of modifications. This offers a baseline for estimates, but the age of the data raises some concerns that it may overestimate needs by not taking into account modifications that have occurred since 1995. Some needs (such as those for telephones adapted for people with hearing disabilities) are likely to be much more widely met given technology advances in the recent past. Some modifications are relatively low cost (such as adding grab bars), while others (installing elevators or chair lifts) are likely to be major expenditures. The

¹⁶ Joint Center for Housing Studies. 2000. Housing America's Seniors. Harvard University. Available at http://www.jchs.harvard.edu/publications/seniors/housing_americas_seniors.pdf

available data show the reported unmet need by type of modification, so that the same household may report more than one unmet need (for both grab bars and bathroom modifications, for instance).¹⁷

We estimated the number of all unmet needs for home modifications based on household characteristics in 2000, the latest year for which we have data for all counties. We estimated a subset of “major” needs¹⁸ that would likely require a significant investment, which we show in Map 2.3. Detailed county estimates are provided for all households and for elderly households only in Appendix A.

Map 2.3: Major Unmet Home Modification Needs, 2000



¹⁷ US Housing Market Conditions Summary, “Home modifications among households with physical activity limitations,” accessed 9 November 2006 at <http://www.homemods.org/library/pages/hudmarket.htm>.

¹⁸ “Major” modification needs included widened doors or hallways, ramps, easy-access bathrooms and kitchens, elevators or stair lifts, and modified cabinets. Other modification needs judged to involve much less investment included handrails or grab bars, door handles instead of knobs, push bars on doors, modified wall sockets or light switches, specially equipped telephones, flashing lights, raised lettering or braille, and other modifications.

WHAT KINDS OF HOUSING WOULD HELP COMMUNITIES ATTRACT YOUNG WORKING HOUSEHOLDS?

Thus far we have focused our discussion on the housing needs of households and individuals. But housing markets should also meet the needs of communities. An argument that is often made is that without housing that is attractive and affordable to younger working households, communities may have difficulty attracting the sort of labor pool employers require. Consequently, communities see housing investment as an economic development strategy. However, this argument needs to be examined carefully. Clearly, speculative housing development in the hope of attracting a labor pool that may in turn attract new firms is a risky enterprise, as people are likely to move only when they have secured a job. But even assuming that housing investments are made only once an employer has committed to a community, investing in new housing may still be a risky venture in some housing markets.

There are two questions that need to be answered:

- What kind of housing is needed to attract younger working households?
- What kind of housing is feasible to develop in different kinds of housing markets?

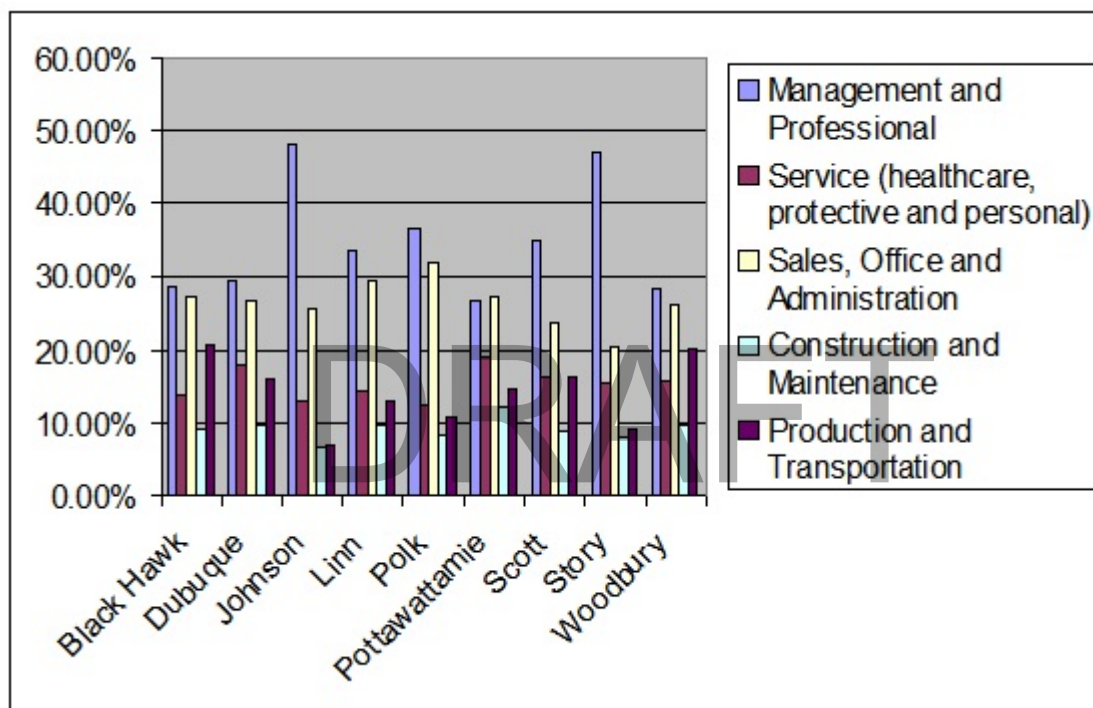
We begin by examining Iowa's occupational structure in 2005, and the median earnings of full time workers by occupation.¹⁹ This enables us to calculate what price of home a working family supported by a full time earner at median wage could afford in each county.

Iowa's metropolitan economies are dominated by professional and managerial workers (who make up a slight majority of the labor force in most places), and the sales, office and administrative workers who support them. Together, those two occupational sectors account for over half of all workers in each metropolitan county; in Polk, Story, and Johnson counties, they make up more than two thirds of all workers. The traditional "blue collar" occupations, including

¹⁹ One constraint we have is that we do not have current data for all counties. However, we extend these estimates to all counties later in the discussion.

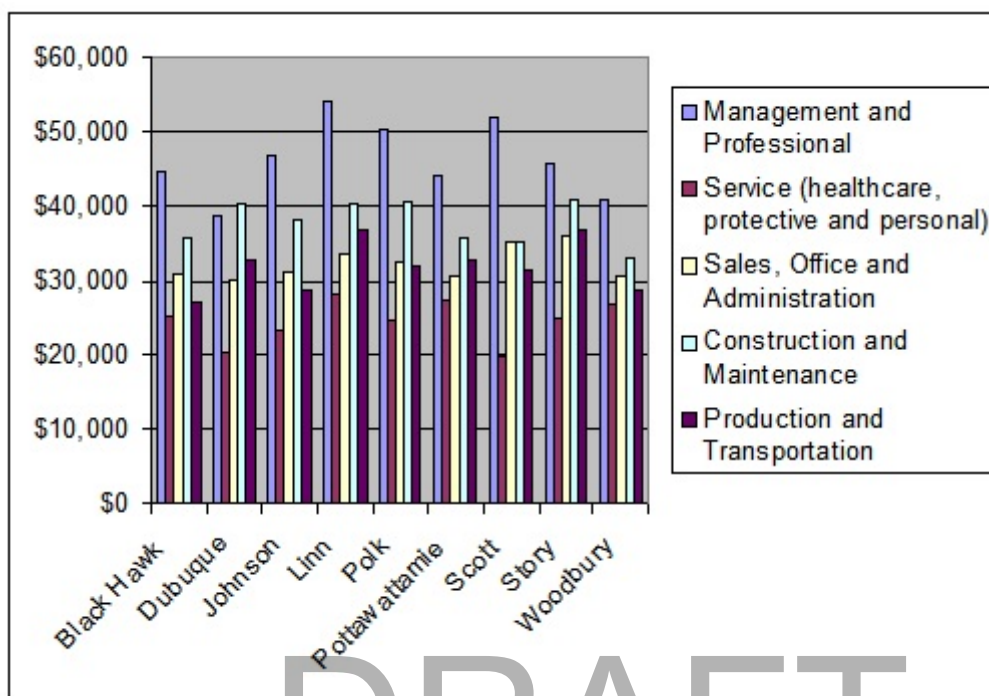
construction, production, and transportation, account for about one in four jobs in most metropolitan counties. The exceptions are Johnson, Polk, and Story counties, where they make up less than 20% of all jobs. Chart 2.12 shows the occupational structure in 2005. In Iowa in 2000, construction and production occupations made up a similar proportion of all jobs (26.3%).

Chart 2.12: Occupational Structure by County, 2005



Managerial and professional workers earn substantially more than those in other occupations. Chart 2.13 shows the median annual earnings of people working full time, year round, in each of these broad occupational categories in 2005. Service sector workers—those providing healthcare support services, fire and public safety protection, food preparation, and personal services—earn far less than those in other occupations.

Chart 2.13: Median Earnings by Occupation, 2005



We used this chart as the basis for calculating the affordability of owner-occupied homes for a median wage earner in a mid-range earnings sector - production and transportation occupations. Production and transportation sector workers earn more than those in service and sales, office and administrative occupations in most counties, but not as much as those in construction or professional and managerial occupations. They offer a good benchmark for estimating the affordability of local housing markets for single-earner families headed by younger workers with skills. Table 2.1 shows the price of a home affordable to a median-earner production worker in each county. We assumed a down payment of \$2,000, a \$400 monthly debt load, and a loan at 6% fixed (the current price of an IFA FirstHome loan) for 30 years. The table also shows the estimated number of homes, and the percent of the all owner-occupied homes, valued at this price or less in 2005.

Table 2.1: Homes Affordable to a Median Earning Production Worker, 2005

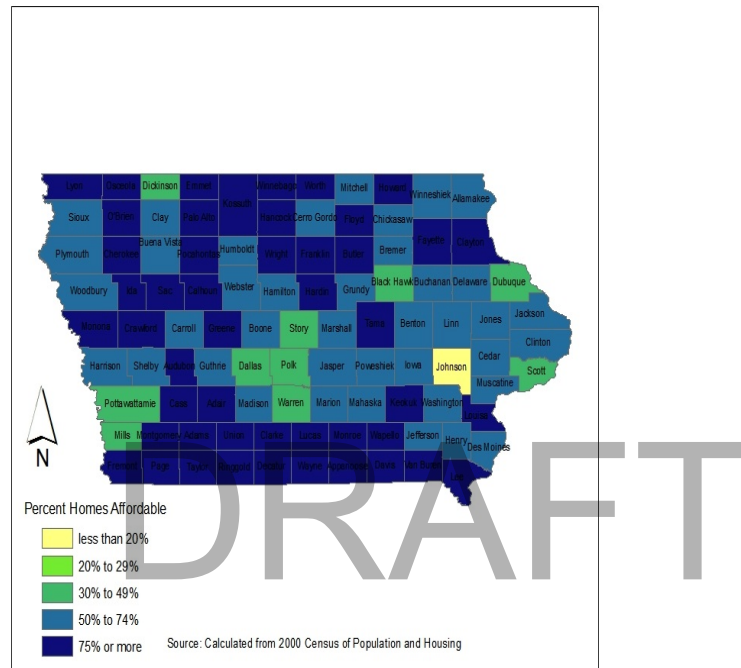
County	Affordable Price	Approximate Number of Homes	Estimated Percent of Stock
Black Hawk	\$85,275	12,600	35.9%
Dubuque	\$112,819	12,850	46.4%
Johnson	\$93,353	4,140	14.2%
Linn	\$134,016	35,250	58.7%
Polk	\$108,390	38,340	32.8%
Pottawattamie	\$113,187	12,350	48.8%
Scott	\$108,047	16,660	34.7%
Story	\$132,908	6,280	35.5%
Woodbury	\$93,534	14,540	55.8%

Table 2.1 shows both the variation in earnings by occupational sector, and the effect of housing prices. Linn, Pottawattamie, Dubuque, and Woodbury counties offer production workers a good mix of wages and home prices. In those counties, median earners could expect to afford nearly half or more of the owner-occupied housing stock (given our restrictive assumptions about financial circumstances). In the remaining counties, production workers would have a more limited choice of homes (almost none in Johnson County). A second source of income would be nearly essential to buy a decent quality home. For many younger families, increasing earnings will entail an increase in childcare costs, and some may not be prepared to make the trade off in quality of life. Another choice would be to trade off commuting costs, and choose an affordable home in a more distant fringe location.

Homes may be far more affordable to production workers outside of Iowa's metropolitan areas, as Map 2.4 shows. These estimates are very approximate because they are based on state-wide estimates of earnings for those in production occupations; county-specific estimates are not

available. However, the map does explain why counties within easy commuting distance of metropolitan employment centers have seen rapid new housing growth since 2000.

Map 2.4: Percent Homes Affordable to Median-Wage Production Worker, 2005



Map 2.4 suggests that slower-growing counties should have an ample supply of housing for young working households. But many of the homes that may be affordable to production workers in those counties may also be outdated or poor quality. Young families with skilled workers are likely to expect energy efficient homes with central air, modern appliances, and at least two bathrooms. The predominately older housing stock in non-metropolitan counties may be affordable, but may be less likely to have these amenities.

Providing decent workforce housing in Iowa likely will entail building homes that are somewhat higher cost than the existing stock, or renovating existing homes to higher standards.

But there is a constraint: even though a production worker may be able to afford a home of (on average across the state) \$109,386, many housing markets would not support such an investment. If median home values are well below \$80,000 (as they likely are in at least 49 counties, as Appendix A shows), the small new home that could be built at today's construction prices would not appraise for around \$110,000. That price would mark the upper quartile of home values in most communities; at an average current price of \$125 per square foot, assuming no land costs, a \$109,386 construction cost would build a home of 875 square feet. While a home that small may accommodate a young family, it is unlikely that it would appraise for such a price, in comparison to the larger homes in the community. Consequently, it may not be an attractive option for the buyer either.

Although rehabilitation is an option, the significant costs of modernization may encounter a similar value gap. A median priced older home in good basic condition but without modern amenities may require about \$25,000 to \$30,000 for modernization, representing a very similar total cost. Thus, at least half of all counties in the state may face a significant value gap in providing the housing needed for younger working families.

There are probably three ways to address this dilemma:

1. Provide public or employer financing to fill this value gap, and assume that market prices will finally rise as investment takes off, and the value gap diminishes. The gap financing could take the form of a second mortgage for the difference between the construction or renovation cost and the appraised value of the finished home. If market prices do begin to approach the actual cost of producing housing, the second mortgage could be replaced by conventional financing. If they do not, the gap finance becomes a direct subsidy to the home owner.

2. Investigate other ways of delivering housing. Manufactured housing offers an alternative, but it has limitations that need to be addressed if it is to form an acceptable strategy. Manufactured housing is usually seen as a less desirable home ownership option. First, homes

are often restricted to parks, where owners must rent lots and thus do not enjoy the security of tenure that home ownership should bring. Second, homes on rented lots are not counted as real estate but as personal property, which restricts financing options, makes appreciation less likely, and makes the housing less desirable from the municipality's point of view. Third, homes that are not permanently fixed on the owner's land are less likely to appreciate in value, so they do not build the wealth that many home owners expect. However, all three of these barriers may be the result of public policy decisions, rather than characteristics intrinsic to manufactured homes, and they could be addressed by regulatory changes.²⁰

3. Focus on attracting a labor force with lower housing expectations, that can be met by the existing housing stock. Inevitably, this will likely also be a lower skilled (and lower income) labor pool, but some firms would still find such a labor pool attractive.

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²⁰ For instance, as Richard Genz argues (in "Why advocates need to re-think manufactured housing," *Housing Policy Debate* 2001 vol. 12, no. 2: 393-414, available at http://www.knowledgeplex.org/kp/text_document_summary/scholarly_article/refiles/hpd_1202_genz.pdf), if local development regulations allowed for small lots both affordable for and suitable for manufactured homes, many more homes would be classified as real estate. Infill sites where older homes have been demolished, or smaller sites mixed in to new subdivisions, would avoid ghettoizing manufactured homes in just part of the community. Although a few communities allow manufactured homes as of right in any zone, this is not enough, especially when this is restricted to double wide homes only. Single wide homes are more likely to be affordable to low wage workers, and there is no reason they should be worse neighbors than double wide homes. In addition to allowing manufactured homes on any lot, it is also important to ensure lots can be subdivided into affordable parcels. A concentration of very small parcels in just one neighborhood would raise densities and could create a ghetto, but allowing re-subdivision of existing lots would integrate manufactured homes into neighborhoods without raising densities too high. Enabling manufactured homes to be permanently fixed to the owner's land, and thus to be classified as real estate, would open up a much wider range of financing options, helping the home buyer avoid the sub-prime loans which serve the majority of "chattel" manufactured homes. It would also make it more likely that homes would appreciate in value, and thus reward the routine upkeep and maintenance that owners of conventional homes expect to do.

CONCLUSIONS

Iowa continues to offer relatively affordable housing within the Midwest, but that asset may be eroding slowly. Within each income group, affordability has worsened slightly since 2000. Reversing this erosion will be important if the state is to continue to attract new migrants, for whom affordability is likely to be an important issue.

There is some encouraging evidence of progress on one of the most serious indicators of the housing quality issues we face: the incidence of lead poisoning among children. Continuing progress on this will be aided by continuing investment in mitigating environmental hazards, especially in homes with young children. Continuing investment in home modifications for people with physical limitations will also enable many more elderly residents to age in place.

Finally, Iowa's slower growing housing markets face some real challenges if they are to upgrade their workforce housing. There are difficult choices to be made within the constraints of market forces, buyer expectations, and limited resources.

CHAPTER THREE: ASSESSING HOUSING PROGRAM OUTCOMES

Housing markets in Iowa appear to work well for most people. Home ownership rates are higher than most of our neighboring states, the proportion of households with affordability problems is (comparatively) low, and home values are stable. However, for a significant minority of households, ownership may still be out of reach, housing costs may represent a significant burden on income, and safe, decent quality housing may not be available at an affordable price. Some local housing markets may also be unstable, with stagnant prices too low to justify repair or replacement, rising vacancy rates, and a shortage of housing attractive to young working families.

Because housing meets important human and economic needs, these market failures cannot be ignored. While there are good arguments that “perfecting” markets (by improving information or eliminating health and safety regulations) would eliminate these failures, in practice many of the actions needed to produce perfect self-regulating markets are either politically unpalatable or impossible. (Most voters would not support eliminating fire safety regulations, for instance). Consequently, a variety of housing programs have emerged, at the federal, state, and local levels, to compensate for these market failures. Housing policy sets a framework within which programs provide subsidies or incentives for some sorts of actions. Housing programs fall into four main categories:

- programs that seek to offset some of the direct costs households incur in purchasing housing (such as rental assistance certificates or interest rate reductions for home buyers);
- programs that seek to increase the production of a particular type of housing (such as LIHTC (Low Income Housing Tax Credits) to attract investment in rental housing, or HOME grants for homeless shelter provision);
- programs that seek to streamline housing transactions (such as providing supportive services to enable households with special needs to find or remain in stable housing, or providing technical assistance to prospective developers);

- programs that seek to expand access to financing (such as temporary loans for down payments, home ownership counseling, or providing credit that may not be available on the private market).

We can also divide programs according to how they are funded and delivered. Over the past several decades, the federal government has reduced its role in setting housing policy and designing programs to implement it. Federal funds still provide the vast majority of housing program support, but they are delivered in ways that require far more state and local decision making. There are four main ways the federal government supports housing:

- by continuing to support the existing stock of public housing, and privately-owned housing developed with federal subsidies;
- by funding most of the programs that offset direct household costs for renters and owners, either through Section 8 certificates or through tax benefits to bond holders which are passed through to home buyers in the form of lower interest mortgages;
- by providing block grants (such as the Community Development Block Grant, or CDBG, and HOME block grants) to states and so-called “entitlement jurisdictions,” that can be used for a wide variety of housing and community development purposes; and,
- by offering tax incentives to equity investors in low income rental housing.

State governments are responsible for ensuring these funds are used as effectively as possible, and they have some flexibility in designing the details of programs at the state level. Some of these resources are allocated directly to larger cities (those qualified as “entitlement jurisdictions”) but state agencies allocate the majority of the federal funds that flow to Iowa.

In addition, Iowa has also begun to direct more of its own resources to housing. The State Housing Trust Fund, established in 2003, has provided seed funds for several local housing trust funds, and has funded some projects directly. Using state funds has enabled new kinds of programs to emerge, such as those aimed at building developer capacity or providing a combination of capital investment and services. These purposes do not fit easily into federal spending categories. During its first two years of operation, the State Housing Trust Fund

(SHTF) was funded in part by state appropriations (\$0.8 million), and in part by revenues of the Iowa Finance Authority (\$2.6 million). One of the most striking successes of the SHTF has been the \$46,949,715 raised in matching funds. This is an outstanding ratio of leverage for a small start up program - every \$1 spent out of SHTF monies has raised \$13.72 in other funds, even though many of the programs the fund has supported (such as housing-related services) have not necessarily been direct revenue generators.

Local governments (cities and counties) are a third source of housing subsidy. Because our focus in this study is on state housing policy, we do not analyze local government programs. Local resources are most often provided in the form of either tax abatements, or the proceeds of tax increment financing (TIF) bonds.

This chapter analyzes the impact that federal- and state-funded housing programs have had on housing and community development needs in the state. We address the following questions:

1. Where are existing subsidized units concentrated?
2. Where have new subsidized rental units been developed during the period 2003 to 2005? Are these expenditures targeted to particular sorts of communities?
3. Where have home buyer assistance programs been concentrated during 2003 and 2005? Are these expenditures targeted to particular sorts of communities?
4. Where has owner-occupied rehabilitation assistance been concentrated during the period 2003 to 2005? Are these expenditures targeted to particular sorts of communities?

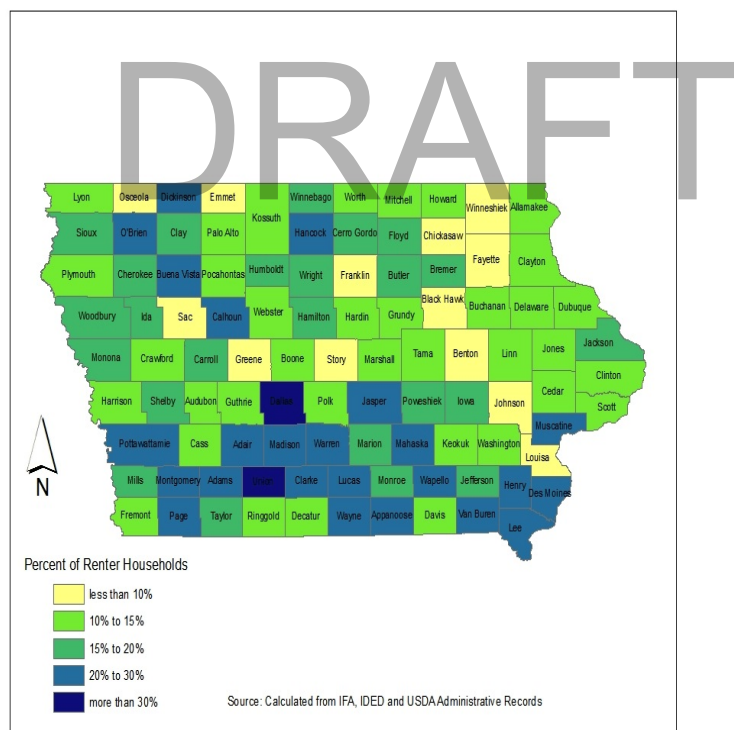
EXISTING SUBSIDIZED UNITS

Federal housing programs have been in existence for more than seventy years. The major federal expenditures occurred during the 1960s and 1970s, decades during which Iowa looked quite different than it does now. Public housing, rental housing financed through Section 515 Rural Housing Service (RHS) loans, and other privately owned federally-assisted housing provided large numbers of subsidized rental units. Consequently, we may expect that there is a

less than perfect match between current housing needs and the existing subsidized stock.

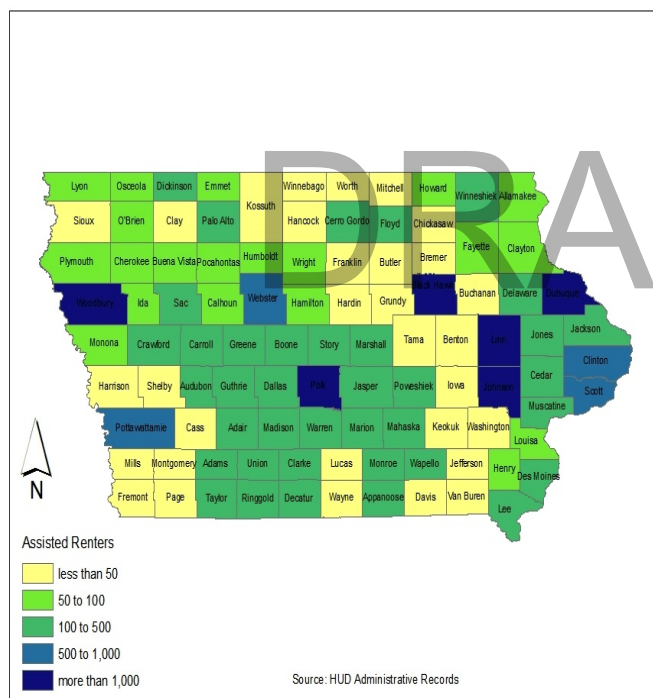
Map 3.1 summarizes existing subsidized rental units as a percent of renter households in the county in 2000. Several metropolitan counties have lower than average shares of subsidized units (on average, 17% of all rental units in each county is subsidized). Dallas County is one of the outliers; a concentration of LIHTC (Low Income Housing Tax Credit) units (1,157), combined with units subsidized under RHS and HUD (Housing and Urban Development) programs, serves a high proportion of the relatively small number of renter households in the county. Dallas County is also the fastest growing in Iowa, so the emphasis on providing new affordable rental units is likely justified.

Map 3.1: Proportion of all Rental Units Subsidized, 2005



Other outliers in the southern tier of counties (Union, Wayne, and Van Buren) have quite high numbers of RHS-subsidized rental units and small numbers of renter households. In Union County, vacancy rates for RHS projects are less than 5%, well below the average for RHS projects in the state. In Van Buren and Wayne counties, vacancies are higher, at near 12%. RHS vacancy rates are much higher in some counties, however, at 20% or more. Overall, there is not a very close match between the supply of subsidized rental units, and the proportion of cost-burdened renters. This is a consequence of the population shifts that have occurred since the bulk of subsidized units were developed in the 1960s and 1970s. Most metropolitan areas have grown significantly, and many non-metropolitan communities have shrunk steadily. Thus, we face the dilemma of an over-supply of housing in places that people are leaving, and an under-supply in

many of the areas they are moving to.



A second important source of renter subsidy that avoids this problem is direct assistance to households. Map 3.2 shows the number of estimated²¹ Section 8 rental assistance certificates available to county residents in 2005.

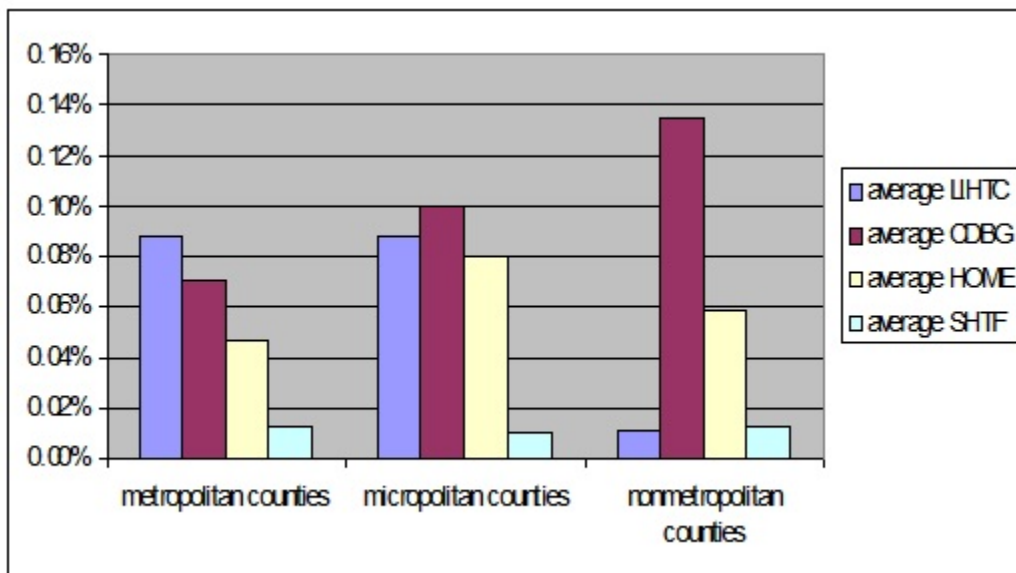
Map 3.2: Distribution of Rental Assistance Certificates, 2005

²¹ This is not identical with the number of certificates being used in a county; certificates are now more portable, and in some cases are administered by a regional housing authority that may provide assistance to residents of several counties. In such cases, we divide the number of certificates the Housing Authority administers equally among the counties it serves, to provide a fair estimate of the amount of assistance county residents may be expected to have access to.

Rental assistance provides a significant share of subsidies to renters; it is a cost-effective way to aid households, especially in relatively soft housing markets. However, it is not appropriate for all needs. Rental certificates may not serve someone who needs a physically accessible adapted unit, and may be less easy to use in housing markets with very low vacancies. Most metropolitan counties have large numbers of certificates, but many fringe counties (where population growth has been more recent) do not. However, many certificates issued by PHAs based in metropolitan counties are likely used in fringe counties.

Overall, housing resources distributed by state agencies play a more important role on average in micropolitan counties (with populations between 20,000 and 50,000) than in either metropolitan or non-metropolitan counties. As we might expect, LIHTC units are less common in non-metropolitan counties, where CDBG funds are more important. CDBG funds allocated since 2003 have been used to fund owner-occupied rehabilitation, and rehabilitation needs are concentrated in smaller rural counties where owners may face greater barriers obtaining private financing for repairs. HOME funds have benefitted micropolitan areas in contrast to metropolitan areas (which receive their own HOME allocations), and also in contrast to non-metropolitan areas. State Housing Trust Fund resources have been evenly distributed across different sizes of counties, although as yet not all counties have received SHTF funds.

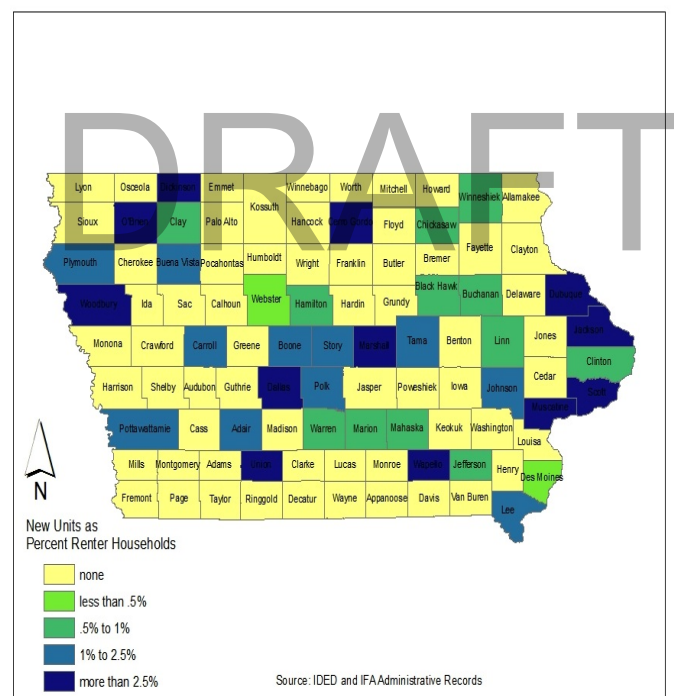
Chart 3.1: Per Capita Distribution of Subsidized Units, 2003 to 2005



HOUSING ASSISTANCE 2003 TO 2005: SUBSIDIZED RENTAL UNITS

We would expect to find a closer match between indicators of housing needs and recent housing program expenditures. Map 3.3 shows the distribution of all subsidized rental units produced over this period by three programs (HOME, LIHTC, and the SHTF), standardized as a percent of all renter households in the county. Most development has concentrated in metropolitan and adjacent counties, but some more rural counties have seen quite substantial amounts of production.

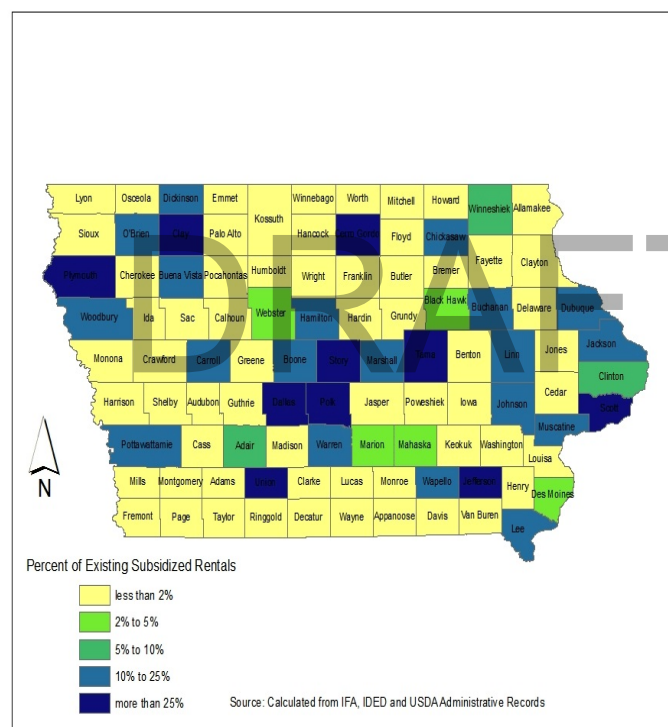
Map 3.3: Subsidized Rental Units Developed, 2003-2005



Next, we show the proportion of subsidized units provided between 2003 and 2005, as a percent of all existing subsidized rental units. Map 3.4 shows the shift in the emphasis over the recent past. This is a more appropriate measure of how well housing programs are responding to

housing need. New investments have concentrated in metropolitan counties such as Polk, Scott, Dubuque, Linn, and Johnson. Proportionately, investments in fringe metropolitan and adjacent counties have also helped shift provision to where need is greater. A cluster of counties around Iowa's Lake District, along with Cerro Gordo, have seen substantial investment. As we saw in Chapter One, these counties have had above average growth and housing price increases since 2000.

**Map 3.4: New Rental Homes Subsidized, 2003-2005,
as percent of all existing subsidized rental homes**



To determine whether new rental subsidies have been targeted to those communities likely to have the greatest need, we constructed a statistical test of the relationship between the proportions of new subsidized rentals, and three indicators: the growth of the housing stock since 2000, the increase in housing prices since 2000, and the incidence of rental affordability

problems in each county in 2000. We tested whether the correlation between each pair of variables was statistically significant (in other words, whether the correlation was likely to reflect mere chance, or whether the characteristics were consistently related across counties).

We found that the proportion of new subsidized rental units was significantly (and positively) related to both the rate of housing growth, and the proportion of cost-burdened renters.²² There was no significant relationship with increases in housing prices. This finding suggests that recent public investments in rental housing have been guided by rental affordability problems, and that they have mirrored patterns of growth in the housing stock. Although Iowa has a large older stock of subsidized housing that is not ideally located to serve renter households in need, current policy ensures that investments are well-targeted to the changing distribution of housing need.

HOUSING ASSISTANCE 2003 TO 2005: SUBSIDIZED LOANS

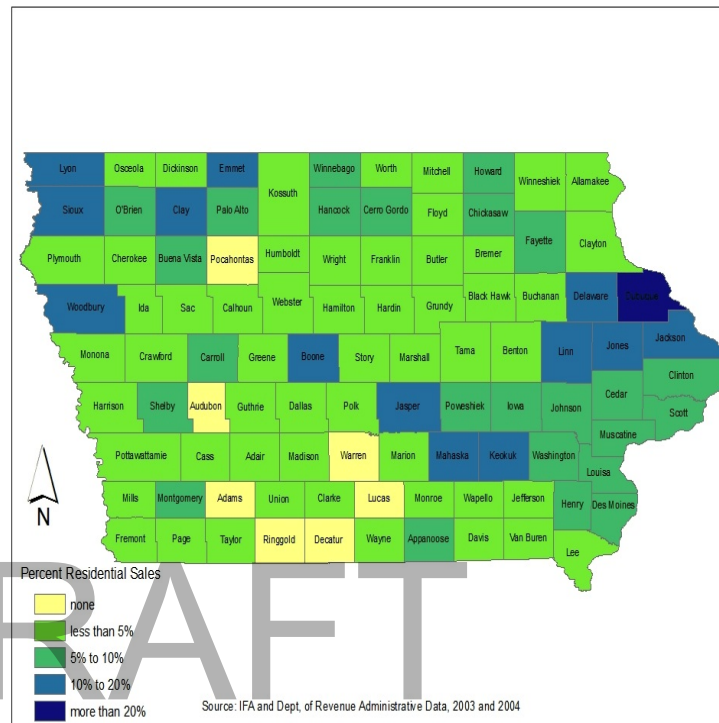
A significant share of assistance also goes to home buyers, primarily those with limited incomes buying their first homes. Some subsidies also serve moderate income buyers of homes in targeted neighborhoods. Three major sources of subsidy served Iowa home buyers during the study period: the IFA FirstHome and FirstHome Plus programs, the RHS Section 502 guaranteed and direct loan programs, and the federally funded block grant program, HOME. The new federal American Dream Downpayment Initiative is funded out of the HOME block grant. Many local governments offer down payment assistance programs (which we do not include in this analysis, because they vary so widely), and some State Housing Trust Fund resources have been used to help home buyers. In general, subsidized home buyer loans involve much shallower public subsidies than provision of new or rehabilitated subsidized units, spreading resources among many more households.

²² The Pearson tests reported on the bivariate correlations in this chapter were significant at the 99% level; in other words, there is a one percent probability they are the result of chance association.

We analyze the distribution of subsidized home purchase loans by indexing them to the total number of residential sales in the county.²³ We averaged this analysis for the two years for which we had residential sales data, 2003 and 2004.

FirstHome loans made up a high share of the market in East-Central, South East, and North West Iowa, but were a less important part of the market in the Des Moines metro area. There were gaps in coverage in several South Central counties, although this may reflect the fact that we examine only two years here.

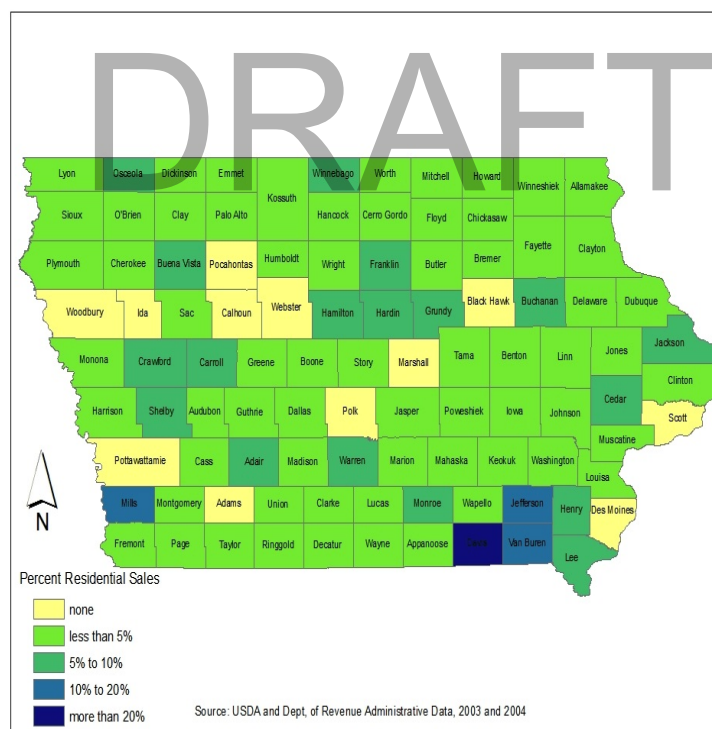
Map 3.5: Market Share of FirstHome loans 2003-2004



²³ We also indexed subsidized loans to first mortgage loans originated, as reported in the annual Home Mortgage Disclosure Act (HMDA) data. HMDA reported loans cover about 80% of all home loans originated. The most important gap in HMDA for our purposes here is that only firms with headquarters located in a metropolitan county are required to report the loans they make. Over time, the scope of HMDA in non-metropolitan areas has expanded, as a result of bank consolidations and acquisitions, and internet- or phone-based lending. However, it is likely that HMDA reports of loans originated in non-metropolitan counties still underestimate the true size of the market in those places. In metropolitan counties, HMDA in 2003 reported more loans originated than the County Assessor reported residential sales, likely reflecting the inclusion of second mortgages in the 2003 HMDA data. In non-metropolitan counties the proportion of HMDA loans as a percent of reported residential sales varied from about 30% to 90%. Thus, we decided to use residential sales as our index here, as it is less likely to be systematically biased.

RHS Section 502 guaranteed and direct loans are another important source of home buyer assistance. Map 3.6 shows the distribution of RHS loans in 2003 and 2004 (again as a percent of residential sales). Section 502 loans were clustered in the south east corner of the state. Averaged over these two years, RHS loans made up a much smaller share of the market than FirstHome loans. What the map does not show is the sharp decline in 502 loans between the two years, from 958 loans in 2003 to 350 loans in 2004 (and a similar amount in 2005). In contrast, the total number of FirstHome loans originated increased, from 1,853 to 2,026. Sharp cutbacks in the RHS loan program leave a gap that other sources do not compensate for.

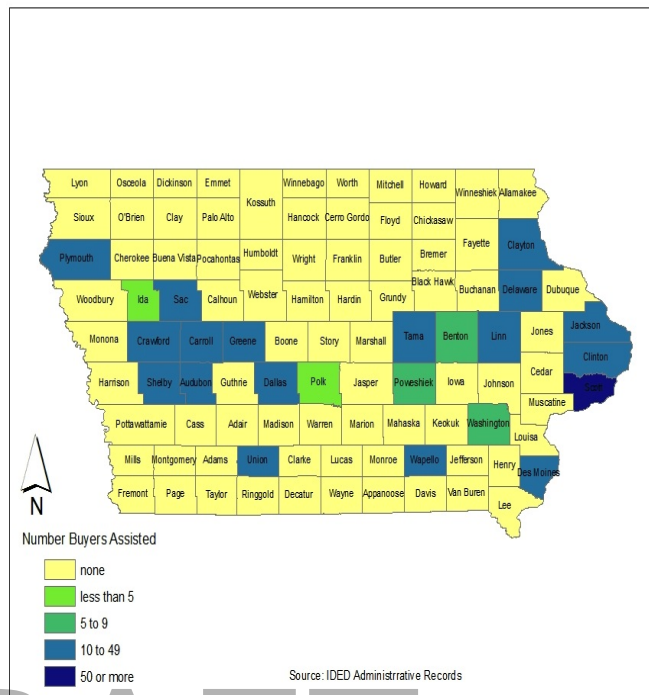
Map 3.6: Market Share of RHS Section 502 loans, 2003 to 2004



HOME-funded home buyer assistance is concentrated in just a few counties, as Map 3.7

shows. Home buyers funded through HOME tend to be lower income on average, and funds have been provided in a wide range of types of counties. The volume of loans subsidized through HOME is too small to provide a meaningful standardized index.

Map 3.7: HOME-funded Home Buyer Assistance, 2003-2005

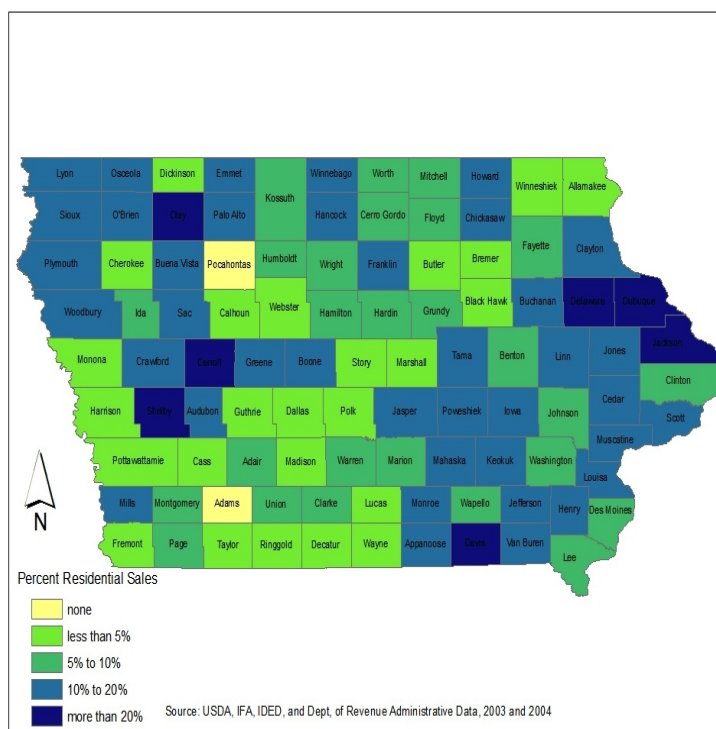


Map 3.8 summarizes the distribution of home buyer assistance under FirstHome, Section 502, and HOME in 2003 and 2004. Several metropolitan counties - Polk, Dallas, Black Hawk, and Pottawattamie counties

have low average market shares.

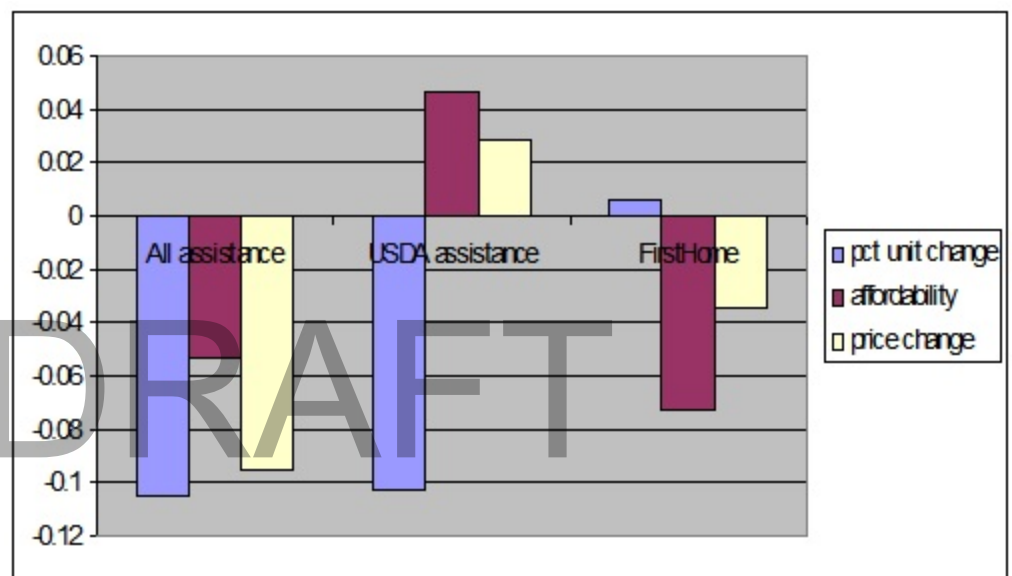
Home buyer assistance appears to account for more than 10% of the market (as measured by residential sales) in many non-metropolitan or micropolitan counties. It is clearly very important in Dubuque, Scott, and Woodbury counties.

Map 3.8: Market Share of All Subsidized Home Loans, 2003-2004



We assessed how these average market shares were associated with three other county characteristics - the percent of cost-burdened home owners, the estimated growth in housing units, and the estimated increase in home prices from 2000 to 2004. Did any of these three indicators, of affordability, supply, or price, show any relationship with the market share of home buyer assistance programs during the study period? Chart 3.2 shows the correlations for all loans, and for RHS and FirstHome loans separately.

Chart 3.2:
Correlations between
Home Buyer
Assistance and County
Characteristics, 2003
to 2004



We performed several statistical tests of the significance of the bivariate correlations among the variables. The only statistically significant correlation with average market share was a negative relationship with the estimated growth in housing units. In other words, home buyer assistance was concentrated in counties with slower growing housing stocks. However, this was an effect of RHS loans not FirstHome loans, as Chart 3.2 shows. The distribution of FirstHome loans was not significantly correlated with any of the indicators included here.

In turn, the estimated housing stock growth variable was significantly correlated with one of the other indicator variables—the percent of cost-burdened home owners. In this case, the relationship was positive—in other words, counties with higher estimated housing growth also had

higher proportions of cost-burdened owners (as we might expect). Thus, although there was not a direct correlation between home buyer assistance and affordability indicators, assistance (in particular RHS assistance) was concentrated in slower-growing places and slower-growing places were likely to have fewer cost-burdened home owners. But home buyer assistance is targeted primarily at households rather than communities. Nevertheless, there are some disparities in the share of homes that assisted buyers could afford in different communities. Appendix A shows the estimated percent of homes available to eligible FirstHome and FirstHome Plus buyers in each county. In most places, a large share of the local housing market would be available to buyers. The exceptions are among the fastest growing counties - Dallas and Johnson.

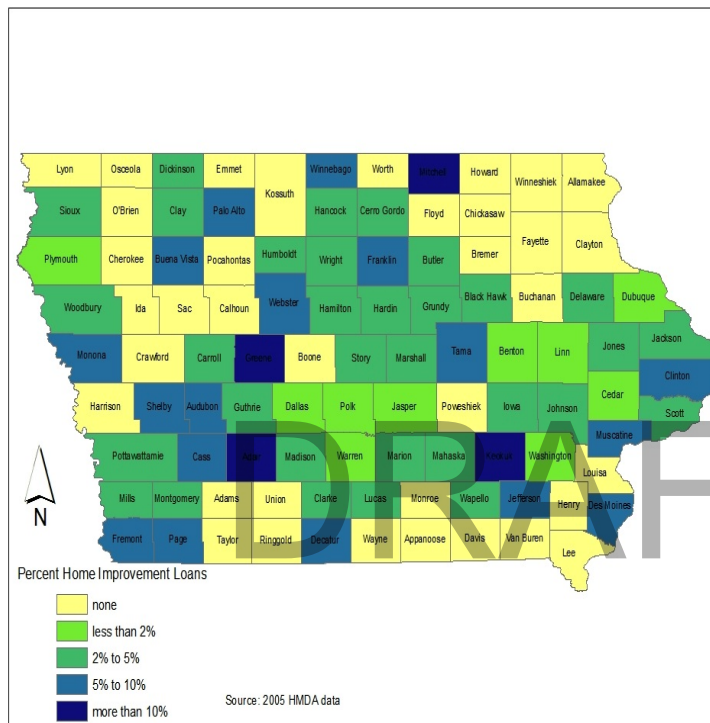
HOUSING ASSISTANCE 2003 TO 2005: OWNER-OCCUPIED HOME REHABILITATION

In addition to assisting new home buyers, it is also important to aid existing lower income home buyers who may have difficulty financing essential home repairs. Rehabilitating existing housing is usually a far more affordable option than constructing new housing. Iowa has a housing stock much older than average, and older homes predominate in most non-metropolitan areas. As our discussion in Chapter Two showed, older homes can also pose some significant health threats (in the form of lead and other environmental hazards). Rehabilitation can address these health threats. And, modifying existing homes may be a cost-effective way for people with physical limitations, especially the elderly, to remain independent.

Rehabilitating the existing stock also has environmental benefits. Improving energy efficiency has social benefits beyond the improvement in quality of life and affordability for the households. From a “green” development perspective, recycling rather than replacing our existing housing stock is (usually) the most environmentally sensitive strategy. Financing for home repairs is not always easy to obtain, especially for home owners with limited incomes, poor credit, or those in counties with stagnant or declining home values. Predatory loans are also more likely to be targeted at home owners with these characteristics. Map 3.9 shows the proportion of

high cost home improvement loans made in each county in 2005.²⁴ Not all high cost loans are predatory, but communities where high cost loans make up a significant share of all home improvement lending may be in special need of subsidized home rehabilitation assistance.

Map 3.9: Proportion of High Cost Home Improvement Loans, 2005

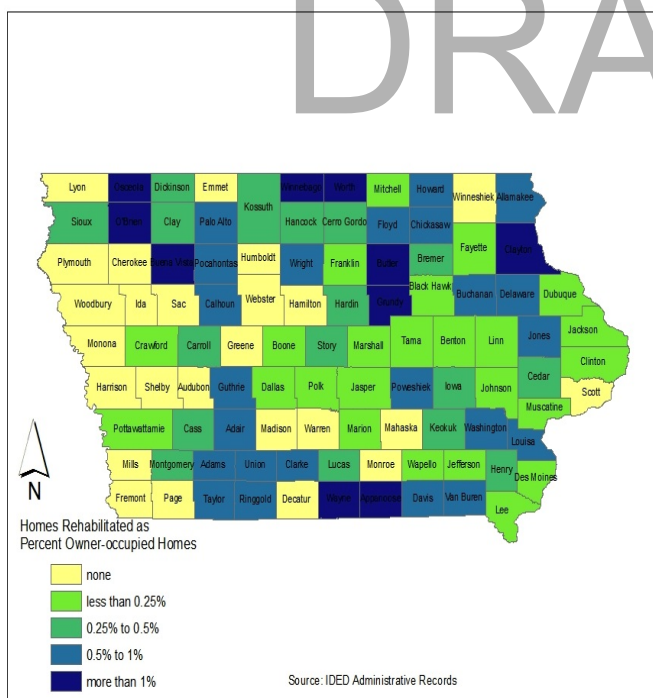
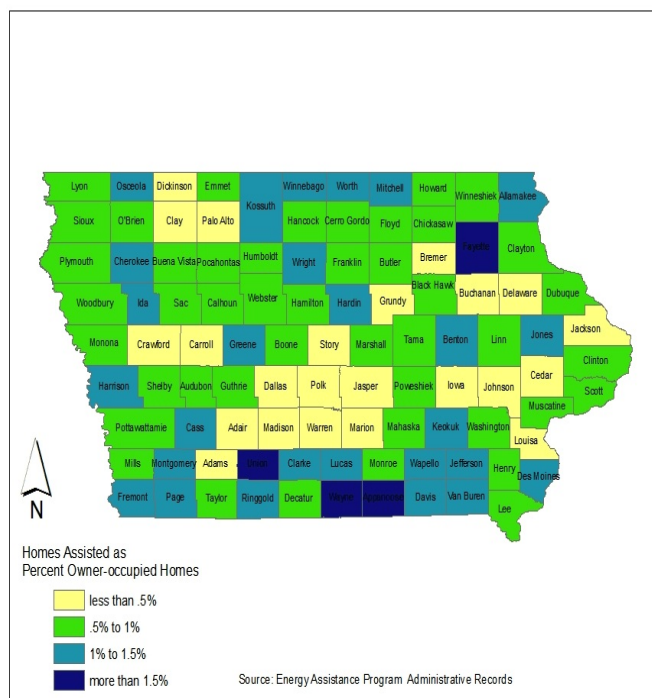


Community Development block grant (CDBG) funds have been devoted exclusively to owner-occupied rehabilitation since 2003. Map 3.10 shows the distribution of CDBG-funded projects, standardized by the number of owner-occupied households. While most effort has been focused in non-metropolitan counties, several fringe metropolitan or adjacent counties have received funding.

²⁴ The map shows the proportion of HOEPA loans, or loans that are high cost enough to require the institution to report them to HUD, under the Home Owners Equity Protection Act (HOEPA) of 1994.

Map 3.10: CDBG-funded Rehabilitation Projects, 2003-2005

Some HOME funds have also been used for owner-occupied rehabilitation, but this has been a minor program purpose. RHS Section 504 Loan and Grant funds provide an additional source of assistance for home owners. Over the period 2003 to 2005, RHS Section 504 financed 619 home rehabilitation projects across Iowa, compared to 1,886 funded by CDBG.



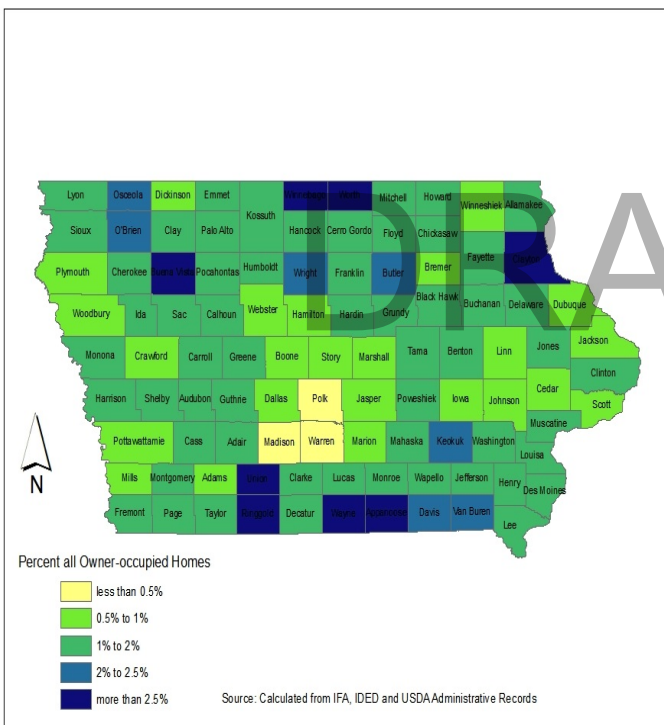
Weatherization funds from the federal Low-income Energy Assistance Program target specific kinds of rehabilitation needs. These funds have become especially important in recent years, as home energy costs have risen dramatically. Map 3.11 shows the number of homes weatherized from 2003 to 2005, standardized by the number of owner-occupied households.

Map 3.11: Weatherization Assistance Projects, 2003-2005

Resources have been concentrated in slower growing portions of the state, although every county has received some weatherization assistance during the period.

Finally, we summarize the distribution of owner-occupied units rehabilitated by county, standardized by the number of owner-occupied homes. Map 3.12 shows that rehabilitation loans and grants have been focused outside of the more rapidly growing metropolitan areas, as we would expect.

Map 3.12: Proportion of Owner-occupied Homes Rehabilitated, 2003-2005



We performed a statistical test on the correlations between the proportion of owner-occupied units assisted, and three indicators: the proportion of units likely to have lead hazards (this estimate is a direct proxy for the age of homes), the proportion of high cost home improvement loans in 2005, and the average rate spread²⁵ on home improvement loans in that year. We found a significant positive correlation between the proportion of owner units with rehabilitation

assistance, and the proportion of units likely to have lead paint hazards (in other words, older

²⁵ The rate spread is the amount by which the loan interest rate exceeds the prime rate +3. It thus includes a wider array of somewhat high cost loans that do not trigger HOEPA reporting requirements.

units). The correlations with indicators of the cost of home improvement lending were slightly negative but not statistically significant. Owner-occupied rehabilitation spending has been effectively targeted to those communities with the greatest housing quality problems, but not necessarily those that may have problems with home improvement financing.

CONCLUSIONS

This analysis offers one approach to evaluating housing program expenditures. We examined the relationship between the distribution of different sorts of investments, and indicators of community characteristics or need. We found:

1. Recent new subsidized rental development has followed housing market growth, and has targeted those counties with higher proportions of cost-burdened renter households.
2. Some home buyer assistance has been concentrated in places with slower growing housing markets, and slower growing markets have fewer cost-burdened home owners.
3. Owner-occupied rehabilitation assistance has been concentrated in places with higher proportions of older homes likely to have quality problems.

Indicators of community need are not the only basis on which funding decisions are (or should be) made. Well-organized local governments and partnerships are more likely to apply for funds and develop innovative projects than less-well-organized communities, and there is unmet need in every community. However, indicators can be a good basis for decisions that require choosing between two equally capable applicants. Funds distributed based on indicators can have a cumulative impact on concentrated problems that would not occur if they were distributed on a “first come first served” basis. In most cases, our funding falls far short of what is needed to solve all problems everywhere; we have the best chance of effecting change if we concentrate resources in those places with the greatest need. This analysis suggests that recent housing investments have done exactly that.

CHAPTER FOUR: CONCLUSIONS AND RECOMMENDATIONS

This report is the first part of a study that will also examine the economic impacts of housing investments on communities. It is intended to serve as a basis for debate over the strengths and weaknesses of Iowa's housing policy, and help us articulate a vision of where we want to be in ten year's time. This chapter presents our interim conclusions; a series of housing forums will be held during the second phase of this study to discuss these interim conclusions. We hope the forums will serve as an effective venue for these important debates. Our aim here is to briefly summarize what we have discovered about

- Iowa's housing markets;
- Iowans' housing needs; and
- the recent accomplishments of our housing programs.

Based on this summary, we then go on to outline the questions this raises about housing in the next decade. Because housing has both economic and social impacts, debates about its effects, and the goals we should pursue, often confuse the two. We address these questions separately:

- How could housing policy better serve economic development?
- How could housing policy better meet important human needs?

THE STATE OF IOWA'S HOUSING

The demographic trends of the 1990s continued to reshape Iowa during this decade, but they have also evolved. First, the move from non-metropolitan counties to metro areas continues, but in the recent past it has been concentrated in a small number of metro areas. Much of the growth has been in fringe rather than central metropolitan counties. The rapid expansion in counties designated "metropolitan" after the 2000 Census (a designation based on a formula reflecting urban density development and commuting patterns) is stark evidence of this trend towards the increasing dominance of some regional economies, combined with increasing sprawl.

Second, Iowa's small net population gain relied in large part on international migration; the state lost domestic migrants. Iowa is becoming a more diverse state, and its future growth may depend on how well it accommodates to these challenges. International migrants are themselves a diverse group: in some counties, lower-wage immigrant workers help sustain rural industries, while in others, high-skilled immigrants help provide the technological edge that high-value-added industries rely on. Thus, the challenges of accommodating a more diverse population are multi-faceted.

These demographic trends were reflected in uneven rates of housing stock growth and appreciation. Fringe metropolitan counties saw the most rapid increases in home values during the first half of the decade. Family incomes became more unequal during this period. Although overall housing affordability showed no significant changes in most places since 2000, affordability became a greater problem within each income cohort. Iowa continues to offer a more affordable range of housing options than most of its neighbors, but this asset is fragile. And, the state's rising incidence of homelessness is cause for concern, especially for what it implies about the situation of children who live in poverty.

Housing quality is a significant challenge in Iowa. Some outcomes (such as the apparent decline in the proportion of children with lead poisoning) suggest that targeted efforts to remediate environmental hazards may be having an effect. Making homes more energy efficient will improve both quality and affordability. However, the overall scale of the challenge remains; the state's housing stock will be modernized and upgraded only gradually. Linking future housing investments to environmental health will be important.

Federal and state housing expenditures during the recent past (2003 to 2005) have been appropriately targeted to the communities where there is likely to be greatest need. Although we have an over-supply of rental housing in communities that have lost population recently, this is a result of decisions made decades ago. Recent decisions about new rental investment have targeted communities where rental affordability is a more acute problem. Similarly, assistance

formay owner-occupied rehabilitation has been concentrated in those communities with more housing quality problems. Homeowner supports have been aimed at income-qualified home buyers throughout the state, and are not intended to be geographically targeted. However, uniform income eligibility standards mean they have different impacts in different kinds of housing markets.

HOW COULD HOUSING SERVE ECONOMIC DEVELOPMENT GOALS?

The relative affordability of Iowa's housing stock is an asset the state needs to protect. Cost of living considerations drive many industrial location decisions, as do labor force considerations, and housing may affect both factors. There is another way in which housing contributes to economic development: the industry itself is an important source of employment and local spending. The second part of this study will explore this component in more detail. In this report, we focus on the first argument.

The issue of workforce housing has come to the forefront of many national policy debates about housing, but mostly in places where affordability problems are acute. In California, the issue is quite different to the workforce housing issue in non-metropolitan Iowa: there, prices are so high that mid-range employees are forced to commute long distances, or are simply not available for jobs. In Iowa, the issue is usually framed as one of providing modern, better quality homes in the hope of attracting enough of a high quality labor force to a community that employers would find it an attractive place to locate. We discussed some of the difficulties this poses in Chapter Two.

Developing a strategy to invest in housing to stimulate economic development in stagnant and declining markets raises several questions:

1. What kinds of firms are stagnant and declining market communities most likely to attract, and what sort of labor force would communities need to provide to ensure new business

investment?

2. What types and prices of housing would prospective employees a) prefer and b) be able to afford on the wages offered?

3. What kinds of housing investment would be feasible in a typical stagnant or declining community? How could the “value gap” be overcome?

4. Do current housing programs support, hinder, or neglect these opportunities? Could programs be better designed to support these efforts?

5. How could we form more effective partnerships among the community, developers, employers, and public agencies, to maximize housing’s impact on economic development?

Not all workforce housing issues focus on non-metropolitan areas. Several of Iowa’s metropolitan areas are thriving. Fringe metropolitan counties have grown rapidly, and some may be evolving from primarily bedroom communities into economic centers in their own right. Iowa has also seen rapid amenity-driven development in a few non-metropolitan locations. How could housing investment stimulate further gains in prosperity in our growing areas?

Developing a strategy for growing areas raises the following questions:

1. What kinds of firms are growing counties likely to attract, and what sort of labor force would they need to offer in order to do so? To what extent do these communities have this sort of labor pool, and to what extent would they have to attract it from outside the state?

2. What kinds of housing and community amenities would attract and retain such a labor force? What do competitor cities offer?

3. To what extent would market-rate development meet this need? What kinds of community enhancements would it be feasible to provide to help create the new residential environments that might attract higher skilled workers?

4. How could growing communities ensure that they continued to accommodate people at all income levels, to ensure a healthy stable economy and reduce sprawl?

5. What forms of subsidies would be most effective? How could programs be streamlined to use resources more effectively and creatively? Do we need new sorts of programs?

6. What principles should guide the partnerships that evolve among developers, employers, cities, and state agencies? How could we maximize housing's impact on economic development?

HOW COULD HOUSING POLICY BETTER MEET SOCIAL NEEDS?

Housing has a vital role to play in local economies, but its social and political contributions cannot be disentangled from its economic contributions. The costs of producing and maintaining housing are not tied to prevailing wages, and as a society we set minimum wages based on judgements of political acceptability, not basic needs. To compensate, the public sector does its best with limited resources to fill the gap between what low wage workers earn and what it costs them to live. To the extent that subsidies can enable low wage workers to live closer to their jobs, they may also help to alleviate the pressures driving continued sprawl.

Collectively, we also agree to provide a safety net for those who do not earn wages - the elderly, the disabled, and those temporarily out of the labor force. One of Iowa's greatest assets is its collective commitment to important social values such as clean government, tolerance, and a respect for human dignity. These social (or cultural) values are demonstrated by our ability to work together when disaster strikes, and by our ability to create cohesive communities that

people want to belong to. These values can be seen as part of what makes Iowa a good place to do business and raise a family.

Offering decent, safe housing options to those who cannot compete in the market demonstrates these cultural values, but it also ensures that our communities are not undermined by intense concentrations of poverty that can blight otherwise desirable neighborhoods. While this has a much less direct connection with the economic development activities that focus on attracting new businesses, it should be seen as a contributor to Iowa's good business climate - a politically stable state with an educated work force, and a civil society that works.

Our current de facto federal housing policy emerged in part as a response to meeting a minimum level of social needs everywhere, and in part as a strategy to stabilize and stimulate the economy by supporting private construction and home ownership. At least some critics argue that because housing policy has tried to meet these very different goals, it has not met either adequately. Alongside our discussion of how housing could better serve economic development, we need to consider how it could also better meet social needs.

An effective strategy should be based on answers to the following questions:

1. What would count as an “adequate housing” standard? What is the minimum acceptable quality? How much should households be expected to pay for decent housing?
2. What can the market feasibly provide? What can't private markets do without assistance?
3. To what extent do our current programs provide this targeted assistance? Is it delivered in the right forms, amounts, and locations? If it isn't, what could we change to use public resources more effectively?

5. How else could we expand our capacity to ensure that Iowans are well housed? Are there new partnerships, new regulatory approaches, or other strategies, that we should pursue in the next decade?

Unlike the questions we addressed in the first three chapters of this report, few of these questions have quantifiable answers. Instead, they are questions about what we value and why, and where we want to go and why. They are questions best answered not by a researcher, but by people developing homes, revitalizing communities, and providing the finance and expertise to make our housing infrastructure work. Consequently, we plan to seek answers to these questions in the second phase of this study.

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APPENDIX A: DETAILED TABLES

In addition to the average sales price reported for each county, we estimated a distribution of sales prices in 2004. These estimates are based on verified sales data (not assessed value data) from County Assessors. We used the rate of increase in verified sales from 2000 to 2004 to inflate the estimates of lower, middle, and upper quartiles of home values as reported in the 2000 Census. These distributions are shown in the first three columns of Table A-1. To provide a check on these results, we also calculated the distribution of homes loans originated that year. We would expect that total home values would be higher than total loan amounts, because most buyers provide a down payment. The distributions of loan size are shown in columns four through six of Table A-1. The HMDA data corroborate the estimates of home value distribution.

Table A-1: Estimated Distribution of Home Values, 2004

County	Based on Residential Sales Prices:			Based on Home Loans reported in 2005 HMDA:		
	Lower		Upper	Lower		Upper
	Quartile	Median	Quartile	Quartile	Median	Quartile
	2004	2004	2004	2005	2005	2005
Adair	\$49,101	\$74,851	\$105,649	\$45,500	\$63,500	\$87,000
Adams	\$31,464	\$56,490	\$90,140	\$41,500	\$54,000	\$80,000
Allamakee	\$59,340	\$82,135	\$109,755	\$60,000	\$78,000	\$110,000
Appanoose	\$33,925	\$53,665	\$82,035	\$46,000	\$58,000	\$89,500
Audubon	\$32,584	\$49,745	\$77,937	\$37,500	\$52,000	\$74,500
Benton	\$76,141	\$108,380	\$156,213	\$62,000	\$98,000	\$138,000
Black Hawk	\$62,838	\$94,319	\$133,761	\$60,000	\$88,000	\$128,000
Boone	\$66,781	\$97,693	\$142,040	\$53,000	\$79,000	\$108,250
Bremer	\$79,384	\$106,490	\$145,456	\$66,000	\$95,000	\$132,000
Buchanan	\$56,504	\$82,850	\$108,411	\$55,000	\$78,000	\$107,000
Buena Vista	\$48,723	\$75,109	\$107,514	\$51,000	\$71,000	\$91,000
Butler	\$53,062	\$82,101	\$115,496	\$49,000	\$70,000	\$97,500
Calhoun	\$31,969	\$51,281	\$74,062	\$41,000	\$52,000	\$72,000
Carroll	\$61,913	\$91,246	\$120,579	\$50,000	\$80,000	\$117,500
Cass	\$49,630	\$74,570	\$104,524	\$44,000	\$63,000	\$88,750
Cedar	\$75,559	\$99,879	\$134,825	\$56,750	\$87,000	\$120,000
Cerro Gordo	\$67,339	\$95,799	\$138,870	\$55,000	\$75,000	\$108,000
Cherokee	\$40,663	\$60,677	\$86,938	\$38,750	\$56,000	\$74,250
Chickasaw	\$56,573	\$83,916	\$113,263	\$51,000	\$73,000	\$95,000
Clarke	\$49,678	\$74,922	\$103,061	\$47,000	\$67,000	\$95,000

Clay	\$61,278	\$92,103	\$125,032	\$55,000	\$75,500	\$100,250
Clayton	\$62,349	\$89,031	\$117,323	\$53,000	\$70,000	\$98,000
Clinton	\$56,277	\$85,992	\$114,858	\$50,000	\$70,000	\$103,000
Crawford	\$42,772	\$68,015	\$93,608	\$48,250	\$64,000	\$85,500
Dallas	\$97,922	\$139,889	\$213,460	\$79,500	\$129,000	\$180,000
Davis	\$42,478	\$68,313	\$93,775	\$50,000	\$65,000	\$102,000
Decatur	\$32,656	\$59,066	\$95,755	\$50,000	\$64,000	\$80,750
Delaware	\$70,890	\$97,245	\$130,799	\$60,000	\$77,500	\$121,500
Des Moines	\$55,271	\$80,551	\$111,347	\$47,000	\$68,000	\$100,000
Dickinson	\$84,047	\$119,644	\$205,916	\$62,000	\$100,000	\$147,000
Dubuque	\$87,995	\$112,005	\$154,262	\$70,000	\$99,000	\$133,000
Emmet	\$41,536	\$64,181	\$90,338	\$47,000	\$60,000	\$76,500
Fayette	\$48,004	\$72,692	\$101,245	\$40,000	\$59,000	\$85,250
Floyd	\$62,655	\$88,703	\$120,785	\$50,000	\$65,000	\$94,000
Franklin	\$44,524	\$68,844	\$99,899	\$43,250	\$65,500	\$83,000
Fremont	\$53,362	\$85,912	\$118,596	\$48,750	\$65,500	\$100,750
Greene	\$39,384	\$63,754	\$92,307	\$40,000	\$60,500	\$82,250
Grundy	\$61,085	\$89,648	\$122,045	\$54,000	\$80,000	\$108,000
Guthrie	\$58,766	\$93,122	\$147,367	\$49,000	\$68,000	\$109,750
Hamilton	\$59,687	\$82,186	\$111,446	\$50,000	\$70,000	\$97,000
Hancock	\$40,641	\$65,465	\$90,619	\$40,000	\$63,000	\$94,000
Hardin	\$45,132	\$69,210	\$98,250	\$43,000	\$63,000	\$86,000
Harrison	\$60,715	\$92,430	\$128,464	\$44,000	\$80,000	\$116,000
Henry	\$61,240	\$86,984	\$114,655	\$51,000	\$69,000	\$92,750
Howard	\$48,436	\$73,518	\$104,038	\$50,000	\$63,000	\$87,250
Humboldt	\$48,211	\$81,913	\$109,902	\$44,000	\$70,000	\$85,000
Ida	\$38,662	\$58,949	\$88,371	\$40,000	\$54,000	\$79,000
Iowa	\$77,137	\$109,683	\$150,046	\$55,000	\$92,500	\$127,250
Jackson	\$69,961	\$96,606	\$131,460	\$50,500	\$71,000	\$104,500
Jasper	\$74,415	\$98,385	\$138,096	\$59,500	\$86,000	\$121,000
Jefferson	\$43,693	\$62,852	\$91,460	\$48,000	\$72,000	\$110,000
Johnson	\$122,093	\$160,072	\$220,328	\$82,750	\$127,000	\$174,000
Jones	\$65,255	\$92,859	\$125,775	\$55,000	\$80,000	\$118,250
Keokuk	\$40,632	\$65,491	\$93,378	\$38,500	\$55,000	\$80,000
Kossuth	\$39,045	\$66,255	\$105,056	\$40,000	\$58,000	\$82,000
Lee	\$45,633	\$70,195	\$100,811	\$45,000	\$64,500	\$95,000
Linn	\$98,185	\$121,540	\$172,405	\$71,000	\$100,000	\$140,000
Louisa	\$44,140	\$66,964	\$86,872	\$58,250	\$71,000	\$89,750
Lucas	\$36,655	\$66,161	\$102,296	\$30,500	\$55,000	\$88,000
Lyon	\$51,547	\$79,494	\$109,802	\$48,000	\$70,000	\$95,000
Madison	\$78,795	\$110,565	\$152,169	\$61,500	\$100,000	\$150,000
Mahaska	\$53,141	\$76,998	\$108,656	\$48,500	\$71,000	\$101,000
Marion	\$65,678	\$95,541	\$135,034	\$61,000	\$92,000	\$130,000
Marshall	\$59,973	\$87,322	\$118,719	\$53,000	\$74,000	\$107,000
Mills	\$89,718	\$122,391	\$182,466	\$59,000	\$105,000	\$167,000
Mitchell	\$52,237	\$79,310	\$109,364	\$47,000	\$70,000	\$95,000
Monona	\$30,841	\$49,784	\$71,748	\$38,000	\$54,000	\$84,000
Monroe	\$47,746	\$74,021	\$108,065	\$50,000	\$65,000	\$88,750
Montgomery	\$38,521	\$62,962	\$90,782	\$45,500	\$60,000	\$74,500
Muscatine	\$74,925	\$104,035	\$148,990	\$53,000	\$80,000	\$115,500
O'Brien	\$44,261	\$67,551	\$100,109	\$41,000	\$58,000	\$75,000
Osceola	\$43,238	\$69,756	\$100,324	\$35,750	\$56,000	\$76,250
Page	\$48,587	\$78,157	\$108,117	\$42,000	\$64,000	\$88,000
Palo Alto	\$39,884	\$62,759	\$91,264	\$35,000	\$54,000	\$67,750

Plymouth	\$71,686	\$95,365	\$134,182	\$62,000	\$88,000	\$132,000
Pocahontas	\$30,753	\$50,301	\$79,560	\$29,000	\$46,000	\$61,000
Polk	\$92,528	\$127,025	\$177,663	\$68,000	\$108,000	\$148,000
Pottawattam	\$77,838	\$105,566	\$149,956	\$54,000	\$88,000	\$127,000
Poweshiek	\$69,953	\$102,851	\$148,100	\$62,000	\$88,000	\$122,000
Ringgold	\$35,129	\$68,433	\$114,815	\$29,000	\$57,500	\$100,000
Sac	\$36,145	\$57,011	\$83,236	\$32,000	\$50,000	\$78,000
Scott	\$76,155	\$103,026	\$154,985	\$63,000	\$96,000	\$145,000
Shelby	\$51,273	\$75,679	\$103,059	\$47,000	\$66,000	\$100,000
Sioux	\$71,571	\$100,698	\$137,435	\$57,000	\$75,000	\$114,000
Story	\$100,427	\$132,908	\$181,572	\$68,000	\$107,000	\$148,000
Tama	\$61,481	\$91,579	\$123,390	\$51,000	\$71,000	\$103,000
Taylor	\$27,497	\$44,159	\$69,559	\$37,000	\$48,500	\$68,000
Union	\$42,538	\$68,159	\$104,077	\$43,000	\$60,000	\$80,000
Van Buren	\$39,044	\$59,463	\$92,436	\$54,500	\$74,000	\$88,000
Wapello	\$37,671	\$57,540	\$90,157	\$45,000	\$61,000	\$85,000
Warren	\$110,582	\$134,278	\$180,880	\$74,000	\$114,000	\$148,000
Washington	\$77,807	\$108,411	\$145,110	\$60,000	\$81,500	\$126,000
Wayne	\$21,214	\$35,964	\$58,895	\$34,000	\$50,000	\$78,000
Webster	\$48,361	\$73,207	\$102,157	\$50,000	\$63,000	\$91,000
Winnebago	\$46,307	\$69,461	\$97,495	\$54,000	\$68,000	\$100,000
Winneshiek	\$72,692	\$102,820	\$145,742	\$60,000	\$88,000	\$140,000
Woodbury	\$68,521	\$94,324	\$133,214	\$52,000	\$75,000	\$109,000
Worth	\$52,464	\$76,373	\$109,983	\$50,000	\$68,000	\$84,000
Wright	\$39,360	\$60,598	\$89,916	\$41,000	\$59,000	\$74,000

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Table A-2 addresses a different issue, the estimate of unmet home modification needs among households with physical limitations. These estimates were described in detail in Chapter Two.

Table A.2: Estimated Need for Home Modifications, 2000

County	Major Unmet	
	Needs for	Major Unmet
	Elderly	Needs for All
	<u>Households</u>	<u>Households</u>
Adair	28	32
Adams	16	18
Allamakee	41	54
Appanoose	42	55
Audubon	24	26
Benton	62	92

Black Hawk	282	469
Boone	64	98
Bremer	58	84
Buchanan	52	75
Buena Vista	50	71
Butler	46	58
Calhoun	40	43
Carroll	63	80
Cass	46	58
Cedar	44	67
Cerro Gordo	124	183
Cherokee	41	51
Chickasaw	37	49
Clarke	26	34
Clay	50	68
Clayton	52	70
Clinton	121	190
Crawford	45	61
Dallas	69	147
Davis	22	30
Decatur	24	31
Delaware	40	64
Des Moines	113	163
Dickinson	52	67
Dubuque	189	318
Emmet	32	42
Fayette	63	83
Floyd	49	64
Franklin	32	41
Fremont	25	30
Greene	34	40
Grundy	35	47
Guthrie	37	44
Hamilton	48	63
Hancock	33	45
Hardin	58	72
Harrison	43	58
Henry	45	72
Howard	30	37
Humboldt	36	41
Ida	26	30
Iowa	41	58
Jackson	54	76
Jasper	92	139
Jefferson	35	63
Johnson	130	416
Jones	49	71
Keokuk	37	43
Kossuth	54	66
Lee	102	143
Linn	372	724
Louisa	26	43
Lucas	29	36
Lyon	32	42

Madison	33	50
Mahaska	56	84
Marion	72	113
Marshall	94	145
Mills	31	50
Mitchell	36	41
Monona	38	40
Monroe	25	30
Montgomery	36	46
Muscatine	81	150
O'Brien	45	57
Osceola	19	26
Page	50	63
Palo Alto	33	39
Plymouth	62	88
Pocahontas	29	34
Polk	663	1407
Pottawattamie	187	319
Poweshiek	47	70
Ringgold	21	21
Sac	38	45
Scott	291	588
Shelby	38	49
Sioux	73	101
Story	113	277
Tama	49	66
Taylor	23	27
Union	34	49
Van Buren	25	30
Wapello	97	139
Warren	75	139
Washington	54	76
Wayne	24	27
Webster	99	150
Winnebago	35	45
Winneshiek	55	73
Woodbury	212	369
Worth	24	31
Wright	47	56

In Table A-3 we estimated the proportion of homes that would be affordable to households eligible for the FirstHome program (those at median income) and to households eligible for the First Home plus program (those at 80% of the statewide median income). We did this by using the rate of increase in verified sales from 2000 to 2004 to inflate the distribution of home values reported in the 2000 Census. Then, we calculated the price of a home that would be affordable to a household at each income level, using the prevailing interest rate for the programs as of December 2006, assuming total monthly household debt of \$600, and \$2,000 in funds

available for a downpayment. For instance, for a household eligible for the FirstHome plus program, earning \$46,240, an affordable home would be priced at \$151,815.

Using the inflated distribution of home values, we were able to estimate the percentage of owner occupied homes in the county valued at that amount or less. Table A-3 shows the percent of homes affordable to buyers eligible for FirstHome, and for FirstHome Plus, respectively. We should emphasize that these are approximations of the number of affordable homes. Census-reported home values are not the same as actual market values, and the distribution of home prices may have changed since 2000. This estimate also doesn't say anything about available for-sale homes, or about the quality of homes. There may be many affordable homes in a community but very few available for sale. Or, available homes may not be of adequate quality.

Table A-3: Estimated Percent of Homes Affordable to FirstHome Eligible Buyers

County	Percent Homes	Percent Homes
	Affordable to FH	Affordable to FH+
	<u>Eligible Household</u>	<u>Eligible Household</u>
Adair	98.01%	92.49%
Adams	98.21%	95.36%
Allamakee	96.73%	90.15%
Appanoose	98.39%	93.51%
Audubon	98.30%	94.95%
Benton	93.83%	77.82%
Black Hawk	92.13%	81.93%
Boone	93.36%	82.26%
Bremer	91.70%	77.69%
Buchanan	96.35%	87.70%
Buena Vista	92.50%	85.68%
Butler	98.27%	92.01%
Calhoun	96.10%	92.00%
Carroll	94.66%	84.88%
Cass	96.97%	91.11%
Cedar	94.90%	81.41%
Cerro Gordo	90.77%	80.64%
Cherokee	97.88%	91.13%
Chickasaw	96.26%	87.23%
Clarke	96.84%	89.89%
Clay	92.98%	84.46%
Clayton	95.30%	90.44%
Clinton	97.04%	88.44%

Crawford	98.08%	91.83%
Dallas	85.35%	35.17%
Davis	95.55%	93.03%
Decatur	99.02%	94.42%
Delaware	93.51%	83.04%
Des Moines	94.97%	86.13%
Dickinson	77.68%	62.10%
Dubuque	91.87%	73.54%
Emmet	98.60%	94.01%
Fayette	98.12%	92.41%
Floyd	97.11%	90.40%
Franklin	97.62%	93.30%
Fremont	96.40%	91.41%
Greene	97.98%	94.90%
Grundy	96.22%	86.72%
Guthrie	89.16%	81.57%
Hamilton	95.32%	89.33%
Hancock	96.16%	89.62%
Hardin	96.05%	91.10%
Harrison	96.94%	84.98%
Henry	94.94%	85.86%
Howard	96.60%	90.54%
Humboldt	93.34%	84.58%
Ida	97.50%	93.11%
Iowa	94.32%	79.76%
Jackson	96.12%	83.95%
Jasper	94.72%	79.35%
Jefferson	91.44%	81.75%
Johnson	83.24%	45.48%
Jones	94.65%	83.29%
Keokuk	99.10%	95.12%
Kossuth	96.92%	89.62%
Lee	96.44%	89.96%
Linn	90.63%	67.89%
Louisa	98.38%	93.29%
Lucas	97.42%	92.65%
Lyon	97.18%	90.92%
Madison	94.90%	77.46%
Mahaska	94.86%	86.44%
Marion	89.75%	75.12%
Marshall	94.83%	86.60%
Mills	88.45%	70.15%
Mitchell	96.53%	90.65%
Monona	98.64%	94.48%
Monroe	97.76%	94.11%
Montgomery	97.77%	93.01%
Muscatine	91.79%	76.80%
O'Brien	95.99%	88.87%
Osceola	97.87%	93.57%
Page	98.34%	92.56%
Palo Alto	98.03%	93.68%
Plymouth	89.07%	75.52%
Pocahontas	98.91%	96.80%
Polk	91.33%	65.26%

Pottawattam	94.22%	77.11%
Poweshiek	91.87%	78.64%
Ringgold	98.16%	90.80%
Sac	98.17%	94.71%
Scott	90.36%	73.91%
Shelby	94.94%	86.08%
Sioux	94.26%	80.88%
Story	90.85%	56.78%
Tama	97.49%	92.14%
Taylor	99.24%	98.35%
Union	97.45%	93.79%
Van Buren	98.95%	97.13%
Wapello	97.13%	91.31%
Warren	89.19%	68.83%
Washington	92.29%	82.07%
Wayne	98.55%	97.02%
Webster	95.14%	87.96%
Winnebago	98.69%	92.78%
Winneshiek	91.22%	76.78%
Woodbury	93.74%	81.82%
Worth	97.32%	93.33%
Wright	97.66%	93.18%

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